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CHALLENGE NORTH

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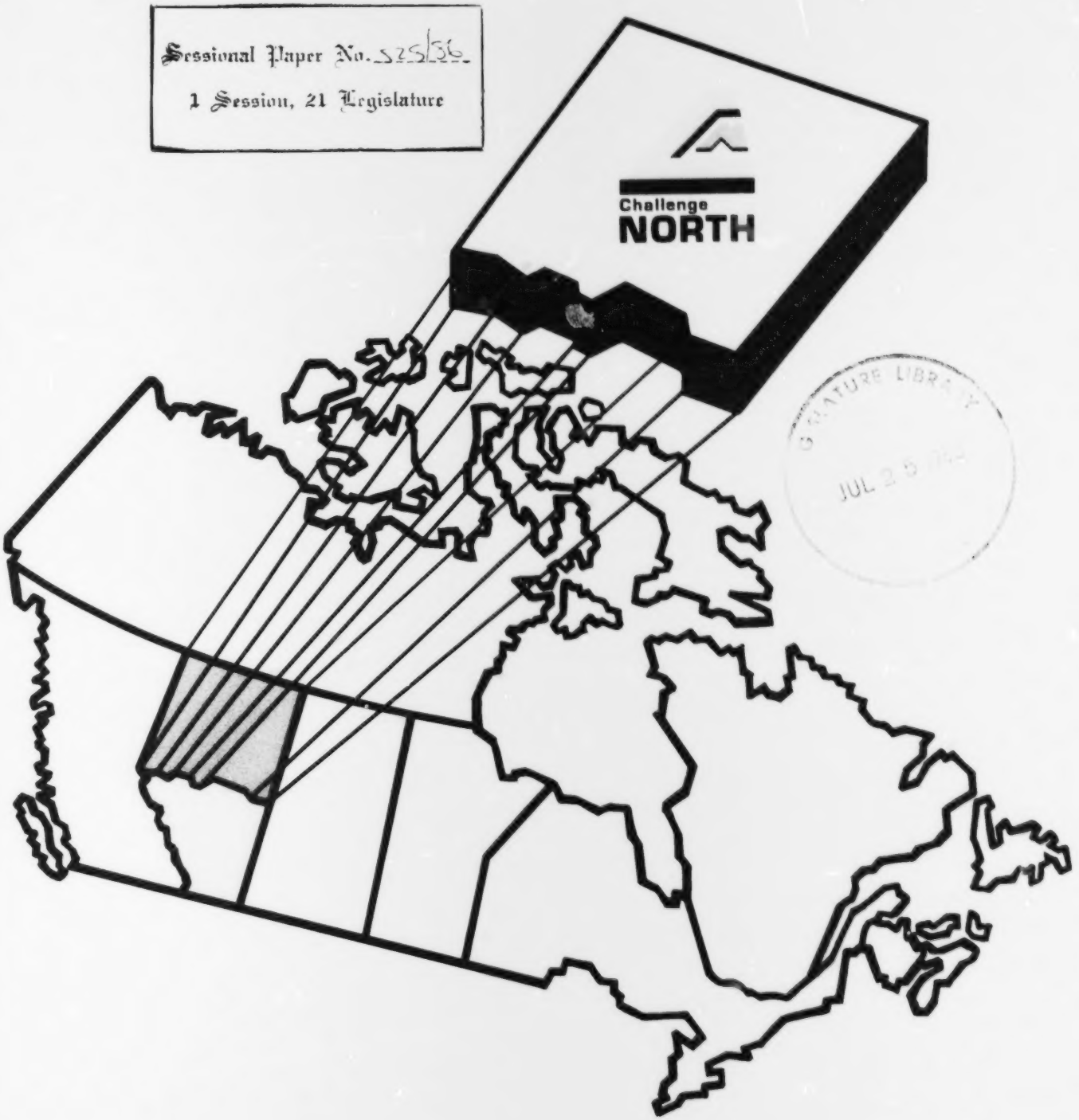
1 Session, 21 Legislature



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CONFERENCE REPORT
Fort McMurray, October 2-4, 1985

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Conference Agenda 5

Conference Opening 8

Plenary Session I 9

Challenging the Future 9

Oil Sands Interpretive Centre Tours 12

Federal Address 13

Agreement Signing 14

Plenary Session II 15

Oil and Gas 15
Oil Sands/Heavy Oil 16

Plenary Session III 18

Forestry 17
Agriculture 18

Provincial Address 22

Concurrent Sessions 23

Entrepreneurship 23
Venture Capital 25
Tourism 27
Small Communities 29
Community Economic Climate 31
Diversification 33

Dinner Speaker 35

Culture as a Resource 35

Plenary Session IV 36

Business Climate 36
Economic Opportunities Study 37

Delegate Views 39

Closing Remarks 41

NADC Summary 43

Conference Highlights 45

Delegates 53

Alberta
NORTHERN ALBERTA
DEVELOPMENT COUNCIL

2nd Floor, Provincial Building, 9621 - 96 Avenue, Postal Bag 900-14, Peace River, Alberta Cananda T0H 2X0 403/624-6274

March, 1986

The Challenge North Conference, held October 2—4, 1985, in Fort McMurray, was the third in a series of major review conferences sponsored by the Northern Alberta Development Council. Previous "status report" conferences were the Opportunity North Conference in Peace River in November of 1975 and the Alberta North in the '80s Conference in Grande Prairie in November of 1980.

The Challenge North Conference was designed to focus on the economic prospects for northern Alberta and the theme of the Conference, "the future for economic growth in northern Alberta," was examined from the perspective of northern Alberta as a part of the larger global economy.

Prominent speakers and corporate and academic leaders from Alberta, British Columbia, Saskatchewan, Ontario, Hawaii and Nevada joined the more than 280 delegates from across northern Alberta in the Conference sessions.

Two base documents, **Northern Alberta Today** and **Economic Opportunities in Northern Alberta** were provided to assist delegates in their discussions. Many excellent suggestions and comments were conveyed during the Conference sessions and most delegates went back to their home communities with new ideas regarding northern economic development.

Following the Conference, the Northern Alberta Development Council brought forward a number of summary thoughts to the provincial government.

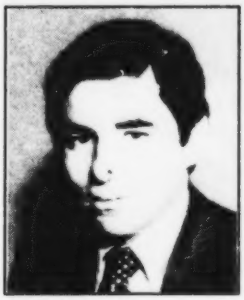
The Northern Alberta Development Council is pleased to present this report as a record of the proceedings of the Challenge North Conference.

Norm Weiss, MLA
Chairman

NORTHERN ALBERTA DEVELOPMENT COUNCIL 1985/86

NORM WEISS, MLA
CHAIRMAN
FT. McMURRAY

HON. AL "BOOMER" ADAIR
MINISTER RESPONSIBLE FOR
NORTHERN DEVELOPMENT
PEACE RIVER



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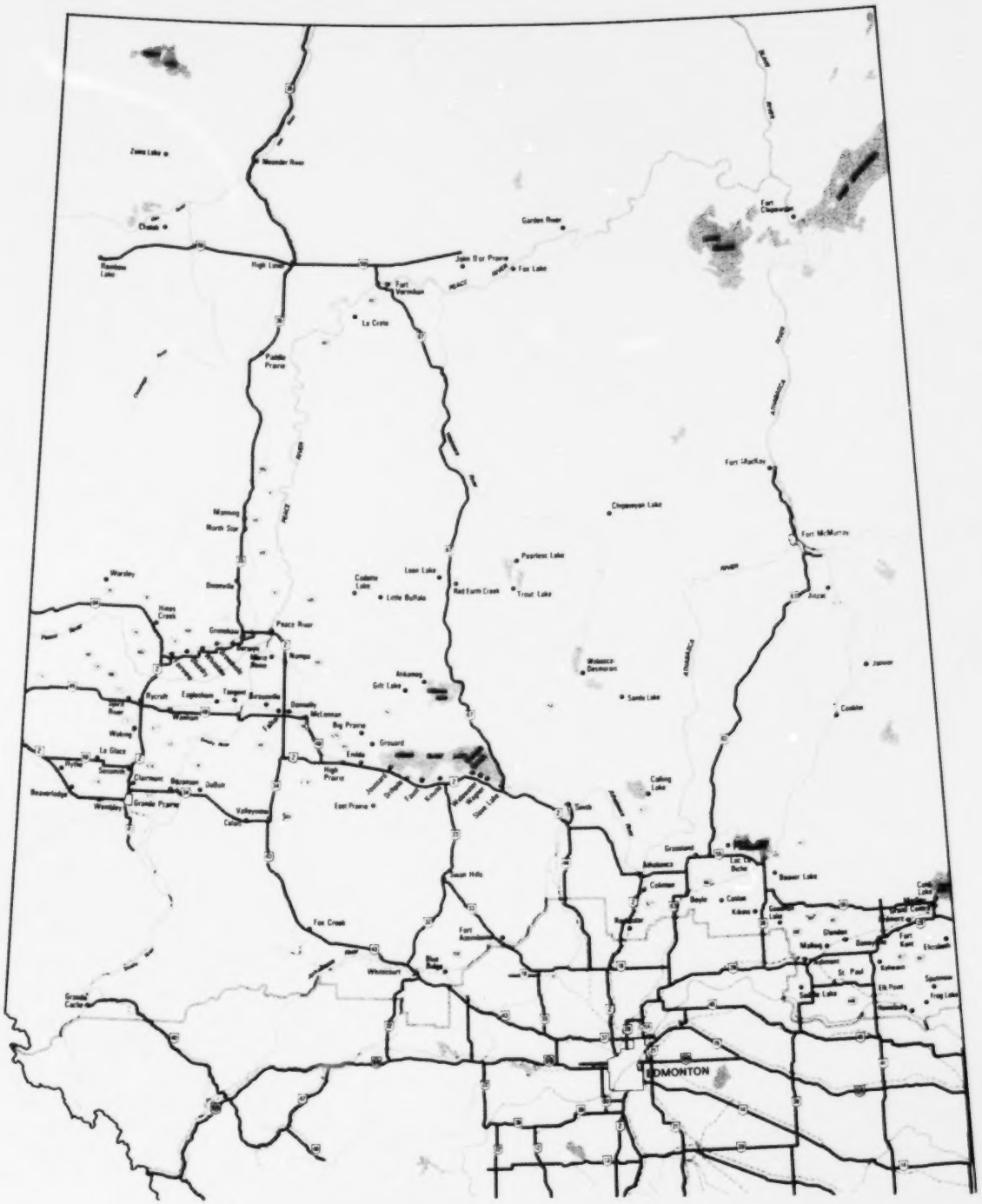


NORTHERN ALBERTA DEVELOPMENT COUNCIL AREA

COMMUNITIES WITH POPULATION OVER 75 (1981 CANADA CENSUS)

PRIMARY HIGHWAY — SECONDARY ROAD — L.O.C. ROAD — RAILWAY

PRODUCED BY THE ALBERTA BUREAU OF SURVEYING AND MAPPING © 1985

WEDNESDAY - October 2, 1985

1 p.m. REGISTRATION

1:30 p.m. CONFERENCE OPENING
- Norm Weiss, MLA, Chairman, NADC, Fort McMurray
- Greetings: Chuck Knight, Mayor, Fort McMurray

Northern Alberta Audio-Visual: OPPORTUNITY AND CHALLENGE

2:15 p.m. PLENARY SESSION I
CHALLENGING THE FUTURE: ECONOMIC AND SOCIAL TRENDS
- John Kettle, Editor, "The FutureLetter", Toronto

Moderator: Norm Weiss, Chairman, NADC

3 p.m. DELEGATE TOURS OF OIL SANDS INTERPRETIVE CENTRE

5:30 p.m. RECEPTION

6:30 p.m. DINNER
FEDERAL ADDRESS
- Hon. Sinclair Stevens, Minister, Regional Industrial Expansion, Ottawa

Moderator: Betty Duckett, NADC, Grand Centre

8:30 p.m. SIGNING CEREMONY
Canada/Alberta Northern Development Subsidiary Agreement
- Hon. Sinclair Stevens, Minister, Regional Industrial Expansion, Ottawa
- Hon. Al "Boomer" Adair, Minister, Tourism And Small Business, Responsible For Northern Development, Peace River

9 p.m. NORTHERN SOCIAL

THURSDAY - October 3, 1985

8:30 p.m. PLENARY SESSION II
OIL AND GAS
- John Howard, Director, Independent Petroleum Association of Canada, Calgary

OIL SANDS/HEAVY OIL
- Ralph Shepherd, President, Syncrude Canada Limited, Fort McMurray

Moderator: Cec Jardine, NADC, Valleyview

10:30 a.m. PLENARY SESSION III
FORESTRY
- Garrie Styan, Manager of Pulp and Paper, Woodbridge, Reid and Associates, a Division of H.A. Simons (International) Limited, Vancouver

AGRICULTURE
- Art Guitard, Past Director General of Research, Agriculture Canada, Regina

Moderator: Mary Bennett, NADC, Elk Point

12:30 p.m. LUNCHEON
PROVINCIAL ADDRESS
- Hon. Larry Shaben, Chairman, Economic Planning and Resource Development Cabinet Committee, High Prairie

Moderator: Gene Dextrase, NADC, High Level

2:30 p.m. CONCURRENT SESSIONS
SESSION ONE - Entrepreneurship
- Lance Secretan, Chief Executive Officer, The Thaler Corporation Inc., Caledon East, Ontario

Moderator: Joe Molho, Vice Chairman, NADC, Swan Hills

SESSION TWO - Role of Venture Capital
- Derek Mather, President, Vencap Equities Alberta Ltd., Edmonton

Moderator: Cec Jardine, NADC, Valleyview

SESSION THREE - Tourism Prospects

- Charles Gee, Dean, School of Travel Industry Management, University of Hawaii, Honolulu, Hawaii

Moderator: Vince Rice, NADC, Kinuso

SESSION FOUR - Economic Development In Small Communities

- Ted Van Dyke, President, Bear-Spike Holdings Limited, Creston, British Columbia

Moderator: Betty Duckett, NADC, Grand Centre

SESSION FIVE - Developing A Community Economic Climate

- Don Detomasi, Dean, Faculty Of Environmental Design, University of Calgary, Calgary

Moderator: Gene Dextrase, NADC, High Level

SESSION SIX - Prospecting For Diversification

- Shelby Dill, Executive Director, Economic Development Authority of Western Nevada, Reno, Nevada

Moderator: Mary Bennett, NADC, Elk Point

4 p.m. REPEAT OF CONCURRENT WORKSHOPS

6 p.m. RECEPTION

7 p.m. DINNER
SPEAKER
Culture As A Resource

- W.O. Mitchell, Author, University of Windsor, Windsor, Ontario

Moderator: Vince Rice, NADC, Kinuso

FRIDAY - October 4, 1985

9 a.m. PLENARY SESSION IV
ECONOMIC DEVELOPMENT OPPORTUNITIES IN NORTHERN ALBERTA
The Business Climate

- Hu Harries, President, Hu Harries and Associates Limited, Edmonton

Northern Economic Opportunities Study

- John Scott, Principal, J.F.T. Scott and Associates Limited, Edmonton

Moderator: Bob Elliott, MLA, NADC, Beaverlodge

10:30 a.m. DELEGATES' VIEWS
REACTION PANEL

- Helen Rice, Grande Prairie
- Marcel Ducharme, Bonnyville
- Les Wood, Athabasca

OPEN DISCUSSION

Moderator: Norm Weiss, MLA, Chairman, NADC, Fort McMurray

11:30 a.m. CLOSING COMMENTS

- Hon. Al "Boomer" Adair, Minister, Tourism and Small Business, Responsible for Northern Development, Peace River

Moderator: Norm Weiss, MLA, Chairman, NADC, Fort McMurray

12 noon CONFERENCE ADJOURNMENT

The Challenge North Conference was opened by Norm Weiss, Chairman of the Northern Alberta Development Council and MLA for Lac La Biche/McMurray. Mr. Weiss welcomed the nearly 300 delegates to the Conference.

Mr. Weiss noted that the theme of the Conference was the future of economic growth in northern Alberta and stated that this would be thoroughly explored.

He acknowledged the heavy Conference agenda. The first day would be devoted to examining the present direction of society; the second would deal with the major economic sectors; and day three would delve into regional economic development opportunities and strategy alternatives for northern Alberta.

Mr. Weiss said: "I believe that so many times the most valuable insights come from sharing on a one-to-one basis with others at conferences, including with the speakers themselves. So I encourage you to get involved and participate. I look forward to the open discussion on Friday when, together, we can take a look at opportunities for economic development for the North."

After introducing the Council to the assembly, Mr. Weiss called on Chuck Knight, Mayor of Fort McMurray, to bring greetings from the city.

Mr. Knight gave the Council and Conference Delegates a warm welcome. The Mayor then focused his remarks on the city of Fort McMurray itself and its northern challenges—some met, some to be faced. He told delegates that before 1964 there were no roads to Fort McMurray; before 1958, no telephones. He said that in a brief 20 years, the population jumped from 1,300 to 35,000 people.

He said that Fort McMurray has dealt, as well as possible, with every challenge it has met. A current challenge is the young population. Seventy-seven per cent is under 35 and only .67 per cent is over 65. Another challenge exists in that in order to retain people, a wide array of amenities—cultural, educational, recreational—must be offered. The major challenge, however, is the city's total dependence on a single non-renewable resource, oil sands.

Mr. Knight said: "I believe the solution is diversification of our economic base. I believe that's one of the reasons that we're here for this Conference."

CHALLENGING THE FUTURE: ECONOMIC AND SOCIAL TRENDS

The first speaker of the Conference was futurist John Kettle of Toronto who is founding editor of "The FutureLetter". He was introduced by moderator Norm Weiss.

Mr. Kettle began by saying that the future will be complicated. He presented 10 "paths to the future," all of which will help to change the face of Canada over the next couple of generations. These paths are:

- globalizing manufacturing
- decreasing non-renewable resource activity
- moving to a post-industrial, service-oriented economy
- evolving to an information-gathering and dispersing economy
- flattening the gross national product (GNP)
- decentralizing the economy
- aging of the population
- educating the population
- feminizing society
- dethroning work

Globalizing Manufacturing

Mr. Kettle told delegates that in 1950, North America produced 50 per cent of the world's cars but, by 1980, Japan had the lead in this field. Similar trends exist in other kinds of manufacturing.

"What we are seeing is a transfer of manufacturing from North America to other parts of the world," he said. "If northern Alberta tries to become a manufacturing centre, it will do so in a highly competitive society. You will compete with a country where the gross income per person is approximately a dollar a day—and for manufacturing workers, it is approximately two or three dollars a day."

A forecast commissioned by the United Nations shows the manufacturing share of industrialized nations dropping from about 66-⅔ per cent to around 50 per cent by the year 2000. North America's share will be only about 22 per cent. This forecast was made after assessing how the world is restructuring its economy and is probably valid because similar results have already been realized in both steel and automobiles.

Decreasing Non-renewable Resource Activity

Non-renewable resources are also part of the changing world, a fact particularly evident in nickel. In 1930, Sudbury mined 80 per cent of the world's nickel but now, despite industry automation, Canada's market share has fallen to under 20 per cent. The United Nations forecast puts our share below 10 per cent by the turn of the century. The same thing is happening in pulp and paper, in wheat, and in all other resource industries with the exception of oil. "Our image of Canada as a powerful industrial nation, manufacturer and resource-supplier to the world, is beginning to crumble," Mr. Kettle said.

Moving to a Post-industrial, Service-oriented Economy

The speaker called this path, "Locking the Factory Gate". It illustrates the way global trends impact Canada, especially in manufacturing.

Since 1870, when about half of Canada's wealth was from agriculture, 20 per cent from industry, and 30 per cent from services, an extraordinary change has occurred. Agriculture's share in 1980 was down to around five per cent, and, even though industry's output is growing, de-industrialization is taking place.

We are becoming a post-industrial society, a service economy because household (personal) spending is moving toward services—things like haircuts, dining out, video cassette rentals, and so on.

The service sectors used to be the infrastructure, a support for the main economy, when we were an industrial nation. In fact, this may still be true in parts of Canada, but, services are booming even while goods are in depression. Households keep on buying services although goods production drops.

Evolving to an Information Gathering and Dispersing Economy

In 1983, services held a 68 per cent share of the economy and half was in the form of information—what could be described as a message or piece of information. This practically equals the entire production of goods for that period.

Everyone is involved in information. Government gathers information; it processes information; it distributes information; teachers distribute information; media distribute information; services to business—employment agencies, advertising agencies, data processing agencies—all these distribute information.

Information's share passed industry's, in terms of economic importance, as long ago as 1978. The trend will continue and will be even more noticeable in the future.

Flattening the Gross National Product (GNP)

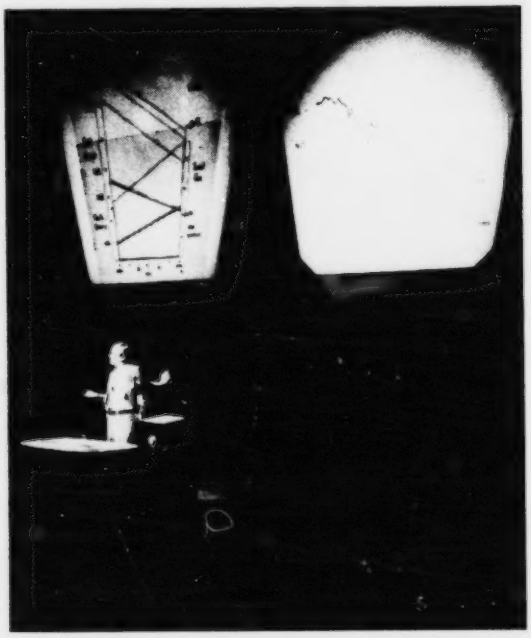
There has not been a steady growth of the Canadian economy for at least the last 25 years. Mr. Kettle conceded that the recession had affected the GNP but insisted there is no evidence of a steady growth rate anyway. Rather, the evidence indicates a declining growth rate. In future, the growth rate will be still smaller even though the growth amount may remain the same.

"Many futurists, "Mr. Kettle said, "are beginning to talk about 'straight-line' growth—that is, not a steady percentage increase but a steady absolute amount in constant dollars—a declining growth rate."

Decentralizing the Economy

Today, power is not concentrated in a few places, companies, governments and people as much as in the past. Most institutions are democratizing or decentralizing. As well, already a third of private sector jobs are in companies employing fewer than 20 people. These companies are not powerful as we understand power, but they are where the jobs are and, increasingly, where the economic action is. In fact, 57 per cent of new jobs in the '70s were in small firms. "Now I call that decentralization!" Mr. Kettle said.

Much job creation is in franchises, where capital is put up locally and profits are kept locally, although royalties or licence fees are paid to a central owner. Even so, capital is decentralized.



Another shift is in physical decentralization of power. Historically, Canada's population has centred in southeastern Canada because industry is there, but the move to modern information technology could change that.

If one-third of the gross domestic product is in information, and if this is digitized and sent via satellite, then Fort McMurray has as much potential to be in the action as Toronto or New York do. Data processing via satellite is just as easy in northern Alberta as in Toronto—maybe cheaper, maybe better. Already, a New York data processing company sends data electronically to a satellite for processing done in the Caribbean. This could be an emerging trend.

Aging of the Population

In the rest of Canada, 10 per cent of the population is 65 or older. By 2000, that will be 12 per cent. Right now, a 'middle-aging' population is the dominant age group—the people born between 1951 and 1966. It is the largest section to market to, and will remain the largest as it ages. No doubt this will impact the economy in 20 years.

Educating the Populace

Education became important in Canada long ago. An education revolution occurred after the war. In 1951, fewer than half the high school-

age people went to high school. Most went to work after grade eight. Within 20 years this changed and it was the norm for young Canadians to attend high school—by 1970, 97 per cent had high school educations. A similar trend occurred relative to universities. It is certain that this path will continue.

This affected how people think because higher education involves training people to think for themselves. It has also had an effect on the way people accept and perform their jobs. A third of all workers in Canada now have post-secondary educations and many are better educated than their bosses.

While education has been important for the general population, it has been even more important for women.

Feminizing Society

The best explanation for the mass entry of women to the workforce is education. Only one-third of women of child-rearing age in Canada with grade school education are in the labor force, but 84 per cent of those with two university degrees work outside the home.

Already, 75 per cent of the 1.8 million jobs created since 1975 have gone to women. If the trend continues, as it seems it will, one day women will hold 75 per cent of all jobs.

Dethroning Work

An important factor is the way work is moving away from the centre of our lives. Even now, the new generation is interested in part-time work, an accelerating trend. Probably 20 per cent of the workforce will be in the part-time category by century's end.

Mr. Kettle said that many people want, but others are forced into, a different work commitment. The result is that the average hours-per-person-per-week are now 33—half as many as two generations ago. In future, people will probably spend only one-sixth or one-seventh of their waking hours working.

Mr. Kettle concluded by saying that if only seven or eight of these 10 trends are major forces for change, they will still make a profound difference to Canada and northern Alberta.

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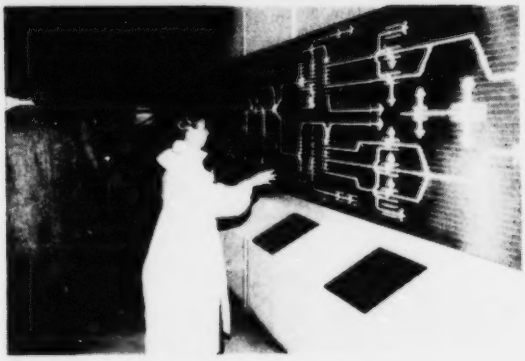
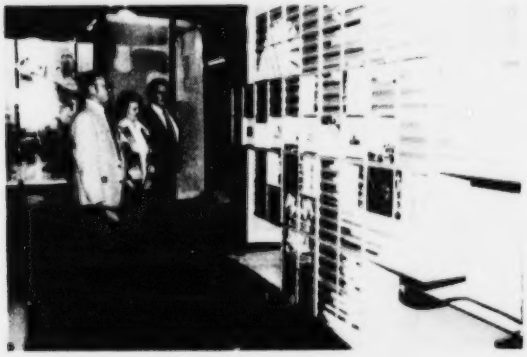
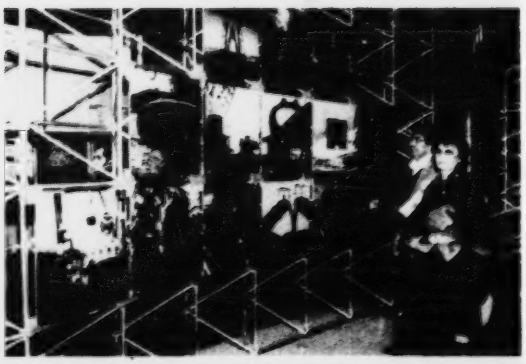






On the evening of October 2, an address was delivered by the Hon. Sinclair Stevens, federal minister of Regional Industrial Expansion. Mr. Stevens was introduced by Betty Duckett of the Northern Alberta Development Council.

Mr. Stevens began by outlining the federal government's view on the future of Canada and its regions. He said: "Canada's future is indeed the North itself, and our feeling is, that to the degree we can ignite that, we can again realize that we have untapped potential here. We will be able to unleash that potential, and this is the message I bring tonight."

The Minister stressed that one of the primary untapped potentials is people. Mr. Stevens outlined the North's evident assets—agriculture, tourism, forestry, oil sands and heavy oil, conventional oil and gas—and said these products will bring opportunities for economic, industrial and business development, as well as jobs. "We must take advantage of these opportunities," Mr. Stevens said. "We must encourage and support entrepreneurship and community development in northern Alberta. We must provide access to ensure that northern Albertans are ready to exploit these opportunities."

Mr. Stevens pointed out that although some communities in northern Alberta, like Fort McMurray, are prospering, there are disparities, and many remote communities have unemployment rates higher than Newfoundland's. These same places have low levels of education, poor housing, and a high degree of isolation.

"As a regional development minister, I find the figures alarming. I think it is time that we try our best to alleviate the situation and, working with the provincial government, the federal government will do its best in the coming weeks and months, to relieve the type of situation I refer to."

He went on to outline the steps already taken when he and the Hon. Al Adair announced their intent to pursue a strategy for co-operative federal/provincial planning in northern Alberta. The two governments had recognized priority areas for joint initiatives, he said, and had agreed to a subsidiary agreement respecting development in northern Alberta to add new funding over a 5-year period.

Mr. Stevens said he felt an obligation to help all of Canada reach its potential and he would do what he could to help the North.

"The motto for Fort McMurray—Progress and Prosper—could also be the philosophical inspiration for all of northern Alberta," the Minister said.

Norm Weiss thanked the Minister and announced that Mr. Stevens and Mr. Adair would sign a new 5-year agreement on co-ordinated development initiatives for northern Alberta.

Hon. Al "Boomer" Adair, Minister of Tourism and Small Business, Responsible for Northern Development, told delegates that the new Northern Development Agreement is notable for several reasons, not the least of which is that it indicates co-operation between the two levels of government. He said the subsidiary agreement is an improvement over the previous two Alberta North Agreements.

"The new subsidiary agreement has been specifically designed to improve co-ordination and reduce areas of duplication in all our programs at both the federal and the provincial levels. It will offer a comprehensive set of programs interrelating economic and social development, and encouraging northerners toward continuing self-reliance."

Mr. Adair thanked Mr. Stevens and the government of Canada for their co-operation.

The Subsidiary Agreement was signed in the presence of all delegates by the Hon. Sinclair Stevens and the Hon. Al "Boomer" Adair. Official witnesses were Frank Jackman on behalf of the federal government and Murray Finnerty for Alberta.

Ralph Shepherd, President, Sycrude Canada, and John Howard, Director, Independent Petroleum Association of Canada, were the first presenters on the morning of October 3. Moderator, Cec Jardine of the Northern Alberta Development Council made the introductions.

OIL AND GAS

John Howard explained that the Independent Petroleum Association of Canada (IPAC) includes members from 200 independent oil and natural gas companies with holdings and activities in northern Alberta.

The outlook for the industry in Canada and in Alberta, in Mr. Howard's words, is "cautiously optimistic." He said there are two main interdependent sources that feed growth in oil industry activity. These are internally generated cashflow and external sources of equity capital.

Internally generated cash is more important because the industry tends to reinvest back into the business. The level of reinvestment depends both on a friendly fiscal regime and on the industry's confidence in a fair return on investment. External investment largely depends on how attractive the investment is on an after-tax basis. It relies, therefore, not only on the fiscal regime but also on investor confidence, both of which have improved since the Western Accord. At the same time, world opinion toward oil investment remains cautious. It seems that industry-generated cash flow will lead, at least in the short term.

Mr. Howard reviewed recent variables affecting oil industry revenues and made projections for the period up to 1990.

- Natural gas sales decreased in the '80s as Canadian gas became overpriced in most export markets. Gas sales will probably increase in the next five years, particularly in the export market; Mr. Howard said it seems that Canadian gas will gain in U.S. markets.
- Production of liquid hydrocarbons shows signs of levelling off because of such developments as stepped-up drilling, new discoveries, and increased heavy oil production.
- Investment in Alberta declined, but deregulation should change that as well as allow improvement of both pipeline capacity and market efficiency.
- There has been fairly steady production of energy products since 1975.
- Revenues from these products have more than tripled since 1975. Growth has been largely price-driven but, with the current downward pressure on world oil prices, future growth will be production volume-driven.
- Industry gross revenues increased by 50 per cent from 1980 - 1983. Royalties increased 35 per cent. Industry cash flow decreased 20 per cent since 1980, mostly because of taxes—income tax and gas revenue tax—which vastly increased.
- Despite heavy downward pressure on cash flow, the industry reinvested more than its cash flow, even after the National Energy Program was in place.
- Probably the world price will drop $2 to $4 dollars U.S. before summer.
- The world oversupply of oil will last beyond the '80s and will cause prices to decline until sometime in the '90s when non-OPEC supplies tighten.
- Gas in an unregulated market will be priced to meet its competition. The domestic gas price will fall modestly for a couple of years and will contribute to decreasing wellhead prices in Alberta.
- Future revenue growth in Alberta and Canada will be from two sources: increased gas exports and an end to declining oil production.
- A growing industry cash flow for Alberta is indicated through the '80s.
- Growing cash flow will mean growing reinvestment in Alberta.

- The possibility exists for an oil price collapse and this could cause operators to be cautious. In-situ oil sand production is particularly vulnerable if a collapse occurs.

- Oil companies will invest where they expect the best return and in lower risk, development-type projects as well as in high-risk, reward-type projects.

Mr. Howard concluded by saying "Alberta's overall fiscal policies are more attractive than in the rest of Canada, so this province will get a good share of coming investment. The North will benefit most because that's where the new discoveries are."

OIL SANDS/HEAVY OIL

Ralph Shepherd pointed out that northern development cannot occur in isolation from what happens in the rest of the world. It is not possible to look inward at our own needs—we must look outward also at global needs, since we are but a small part of the large international economic system.

"The size of the oil sands and heavy oil resource, plus the world's unquenchable thirst for oil, give northen Alberta a tremendous potential for further growth," Mr. Shepherd said. "However, it is easy to forget the obstacles in the way of development."

Mr. Shepherd's presentation dealt with three basic questions:

a) What is northern Alberta's real potential for development?
b) What kind of development should we try to achieve?
c) What role can we expect oil sands and heavy oil to play?

Northern Alberta's Potential

There are serious challenges. Northern Alberta is cold, landlocked and far from its customers. Coal faces high transportation costs and competes with lower-priced coal from elsewhere; forest products compete with wood fibres from places with more positive climates; tourism competes with cheaper, warmer and more exotic destinations; natural gas surpluses increase as new discoveries outpace consumption; deregulation forces Alberta oil to compete with cheaper oil from abroad.

When these barriers combine with the global trend to protectionism, it is clear that an abundance of natural resources in the ground is a guarantee of nothing, because we are up against countries with cheap resources, skilled people and better access to markets.

"Only if we can find ways to turn our resources into products that the world wants and can afford is our economic future bright," Mr. Shepherd said.

What Development Is Needed

The economic goal for northern development must, in the end, be diversity of industries, each specializing where it has competitive advantage.

Although resource industries will always be the mainstay of the North, the goal should be the fullest possible diversity of resource and non-resource industries to avoid one-industry communities. Diversification makes a region less vulnerable to economic ups and downs and develops synergy—a state where each part strengthens the other to achieve a stronger whole.

"If I had a model for the North, it would be a diversified local economy, strong in everything from sportfishing and raising elk and buffalo for meat, to oil sands plants and pulp and paper," Mr. Shepherd said.

Social goals as well as economic goals are important. The ultimate resource, as Japan knows, is people. Therefore, hospitals, schools, good housing, recreational facilities—what we call lifestyle—are vital. A community poor in these cannot attract industries that depend on good people. Northern development must focus on people as much as on industry.

The Role Of The Oil Industry

How can we best promote a balanced regional economy through development of oil resources? Today, the world has more than enough oil, but this situation won't last. To develop the oil

sands and heavy oil (a resource as great today as it was a century ago) the challenge is to produce oil at a price and in a form that the customer will buy. Government tax and royalty systems that reward investment and efficiency are necessities. The industry needs Alberta suppliers to market the products and offer quality services at competitive prices. Mr. Shepherd noted that Syncrude spends some $400 million annually for goods and services.

He said: "The oil resource offers an attractive promise for the North, but the promise won't be met by itself. Development will require innovation, creativity and sound government policies. It will require a partnership between the dreamers and the realists—the dreamers to see the potential and the realists to solve the practical problems."

Audience Responses

Questions from the audience were accepted at the conclusion of these two addresses.

Q. Mr. Howard, your overhead slides indicated that the biggest culprit in the decline of cash flow is the debt service component. If that is so, should we address it specifically to avoid it happening in the future?

A. Debt service is a significant component but not the most significant. The debt service is something that would be taken care of (in the normal course of business) from equity. If you have a viable healthy industry and aren't under the National Energy Program, you balance your levels of debt with equity and are able to convert it.

Q. Mr. Shepherd, do you not agree that the current regime for the Syncrude plant is satisfactory? You suggested we do have a challenge in regard to an effective tax royalty regime for the oil sands.

A. The short answer is 'yes'. We do have a net positive cash flow today. I was talking of the future. The primary issue is world crude prices and not taxation. Governments do take a large slice and, if it becomes a key issue in an expansion decision, dialogue would have to take place. In fact, governments have clearly demonstrated there is flexibility in this. As far as the Alberta government is concerned, we are mining the oil sands. Oil sands are crown land and belong to Albertans, and Albertans deserve to share in the wealth created by mining those sands and, therefore, royalties are a very proper source of income.

Q. I was wondering about the $400 million for goods and services being spent in Fort McMurray. Is there a potential to increase that? I realize a lot has to be bought outside, but how much might that figure go up?

A. Yes. There's a lot of potential for increase but that depends on the initiative of businesspeople in Alberta and not on Syncrude. We would like to buy more in Fort McMurray.

Q. What are we doing to encourage investment in northern Alberta?

A. The real encouragement must come from the resource owner who is the provincial government and they have, in the June adjustments, added quite an attractive royalty holiday, which is their incentive. The other thing is to have the goods in place. They have to be underground and we have to find success, and, in northern Alberta, this is being found in significant volume.

Q. How far does the oil market bottoming-out problem have to go before it has a major effect in Fort McMurray, Cold Lake, Elk Point and Peace River?

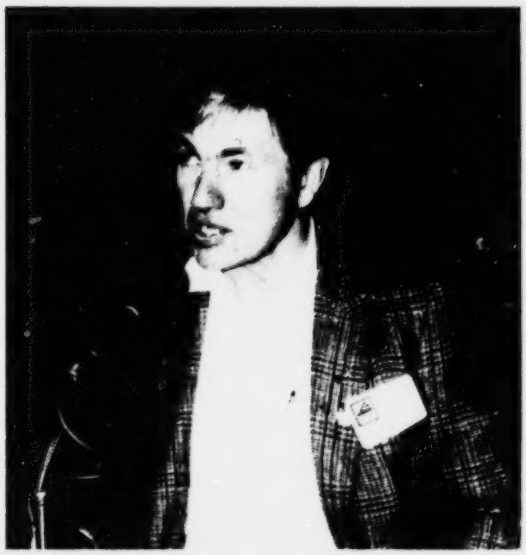
A. A precise answer would reveal confidential company information. However, we are in a net positive cash flow position today. We are continuing to effectively reduce costs and, in my opinion, the viability of our base business is not in jeopardy.

Q. How would free trade affect the oil and gas industry in Alberta?

A. From a marketing point of view, I don't think free trade would enhance the market because we already have the opportunity to reach the U.S. market. The key is, though, that the negative to free trade is so disastrous. If the U.S. blockaded quotas, or put tariffs on oil and gas, that would be disastrous to Alberta. That is what we are trying to protect—the status quo.

Moderator, Mary Bennett of the Northern Alberta Development Council, opened the third plenary session on forestry and agriculture. She introduced the first speaker, Garrie Styan, manager pulp and paper, Woodbridge, Reid and Associates, Vancouver and then Art Guitard from Regina, past Director General of Research for Agriculture Canada.

FORESTRY



Garrie Styan said he would try to give the bottom line on forest industry opportunities in northern Alberta. He agreed with John Kettle that it is a necessity to recognize the global economy Canada deals in.

His presentation was organized into the following components:

- the resource
- growth
- trends
- effects of technology

The Resource

Mr. Styan pointed out that North America cannot be seen as a single unit in terms of forestry. Some areas have an excess of this resource; some do not.

The less-developed parts of the world—parts of Africa and Latin America—have been establishing tree plantations, a development that increases competition. These same areas send less of their resource out in the form of logs and wood and more of it in chips. This influences the pattern of export. It also affects such fibre-short regions as Japan and western Europe. Mr. Styan said logs are used for solid products and chips go to pulp and paper.

Also important is the increasing cost of wood, especially softwoods. And it is this that drives technology—the push to get a higher product yield-per-unit of wood.

Canada's forest resource is in a strong position both in terms of quality and quantity. Mr. Styan said that the southern United States, the fibrebasket of America, has good reserves but poorer quality than Canada. Japan is only 60 per cent self-sufficient in fibre. Oceania's competitive position will improve but, right now, Canada has the best wood resource in the industrialized world. In places like Brazil, Chile and parts of Africa, Canada is unable to compete volume-wise, but Asia, despite good resources, has such a high demand that it will be a customer and not a competitor.

Alberta holds 30 per cent of Canada's reserve timber and about 60 to 70 per cent of that is in the North. As well, excess sawmill residue is not currently exploited. Another plus is that some abundant species in the North are desirable and aspen's position is improving. Aspen is actually more desirable for power-intensive technologies than high-density hardwoods like oak and maple. However, aspen, which makes up about 50 per cent of northern Alberta's resource, is not well-enough documented to entice investors.

Growth

Although Alberta has many sawmills, there is no world growth in products like wood building materials and some lower construction-grade materials show negative growth. But there are a few opportunities. For example, there is growth in such composite products as oriented strandboard and flakeboard, and also in higher-valued specialty products.

The real growth, according to Mr. Styan, is in pulp and paper. Pulp is growing at the rate of about 1½ to 2 per cent and paperboard and paper at 2 to 2½ per cent annually about four million tons a year. These figures omit such developments as forest chemicals and animal feed where Mr. Styan does not visualize significant growth.

Product-mix, Mr. Styan said, can be shown by a pyramid with high-volume, low-priced goods at the base and higher-valued, quality-conscious goods at the peak. The base, which is still

growing on a proportional basis, becomes a smaller part of the product-mix. Therefore, most growth is in higher-valued, quality-oriented products. As well, there are more products today than in the past. Mr. Styan said this is true for all the industrialized world.

"The reason solid wood products and building materials aren't growing on a world basis is because they don't meet the needs of the information age. Paper is a communication tool, so there is growth in paper as we move into the information age and a corresponding lack of growth in wood products."

Trends

Several trends were identified by Mr. Styan:

- a trend toward higher-value products
- a corresponding increase in the real cost of softwood
- a technology that seeks a higher product yield-per-unit of wood
- a new determination to use the whole tree
- a higher pulp yield
- a recognition of the value of hardwoods
- a proliferation of products
- an increased market awareness

Effects of Technology

Technology's effect on the forestry industry reaches from increasing the number and variety of paper products, to creating a data base to keep track of quality and quantity, to modernizing harvesting methods.

One concern is electric power. Higher yields depend on power-intensive forest products. Here, Canada has an advantage in terms of availability and cost. However, Canada and Alberta are weak in resource data. Data are available but have not been collected and stored in a professional manner.

Distribution infrastructure is a big problem. Some forest resources are inaccessible but, Mr. Styan told his audience, quality of service and continuity of delivery are more important than cost, and Alberta certainly should be able to solve the accessibility problem. He said that is part of the 'technology of marketing'.

At this time, Scandinavia is in the best marketing position. Canada, in comparison, is weak in terms of exploiting technology and weak in marketing. Co-operation between government and government, and betwen government and industry would help.

Mr. Styan offered strategies to help Alberta's North grow in the forest products area.

- Alberta has an advantage of financial stability because of the Heritage Fund. He suggested that Quebec's Hydro Stabilization Program be used as a model for a financial stabilization plan. the Quebec program guarantees a 10-year stabilization of the cost of power.
- Let the world know what Alberta's resources are through the establishment of a resource data base.
- Rather than push high-tech products, focus on commodities and semi-commodities—rapid-growth products that fit into existing strengths.
- Treat growth in wood products on an integrated basis with pulp and paper.
- Target local companies and local management rather than trying to attract outside companies.
- Build teamwork between industry and government.
- Know the competition.

"Northern Alberta," Mr. Styan said, "you have got definite opportunities for major growth in forest products, but it requires much more structure, a more creative and more co-operative approach."

AGRICULTURE

Art Guitard told delegates the agriculture industry in northern Alberta that has been developing for 50 years is still developing. There are about 50 million acres of land owned for agriculture in all of Alberta and 30 million of these are cultivated. The uncultivated portion is partly northern bushland and partly southern grassland.

The North's special advantage is its room to expand. It has about 15 million acres of land—the last large continuous piece of undeveloped land in Canada with potential for crop production. It is all Class 4 land, generally thought to have only 50 per cent of the productivity of the Class 2 land in central Alberta. Class 4 land is often low in organic matter, is acid, stony, uneven, poorly drained and generally marginal for agriculture. Even so, much of it can be cleared, broken and cultivated.

After this land is developed, there will be no substantial area of land left to use to expand food production in all of Canada, Dr. Guitard said.

This creates a dilemma. Many want this land brought into production and many others want it left for use by forestry, or for a wildlife habitat, or for water recharge, or for environmental enhancement. The Alberta government has given responsible thought to this problem for many years. The Northern Alberta Development Council, Alberta Agriculture, Alberta Energy and Natural Resources, and the Environment Council of Alberta have all been involved.

The consensus seems to be to develop the land in an orderly way. Recommendations from the Northern Alberta Development Council are:

- Develop a detailed inventory of land that can be used for agricultural development.
- Remember the needs of the forest industry.
- Continue development of fringe land.
- Ensure early development of lands within the Frost Hills, Sturgeon Lake, Wabasca East and John D'or Prairie Integrated Planning areas.
- Promote block development southwest of Valleyview, south and southwest of High Level, southwest of Buffalo Head Prairie, east of the Hawk Hills and east of Manning.
- Make sure the disposal of these lands reflects farmers' needs when possible.
- Reduce the time needed to obtain land and shorten that required to develop integrated management plans.
- Sell the land at reduced prices that represent the value of undeveloped land.

Dr. Guitard said the way these lands are developed (if they are developed) will have a positive influence on the financial and social status of agriculture in the North in the long term. Having stated this, he went on to say that there would also be short-term negative costs.

He made suggestions:

- Approximately 1-million acres in the yellow area should be brought into production as soon as possible.
- The land should be sold at prices that recognize the high-cost of making it productive.
- Those already farming adjoining tracts should have the first chance to buy the new lands.
- This 1-million acres is all the land that should become available for agriculture during the next 10-20 years. In future years, when there are financial incentives and moral responsibilities to grow food on these lands, more should be made available. Such needs do not exist now and, in fact, bringing such large tracts into production now could depress the economy.
- The land should be developed in other ways, an alternate approach. But it is necessary to identify those acres most suitable for agriculture with attention paid to arability, fertility, location, accessibility, ease of servicing, etc. Requirements of the forest industry, wildlife, recreation and the environment must also be considered.
- Desired population locations should be taken into account.
- Agricultural land should predominate in areas that are developed but ideally should not be all that is there. Emphasis should be placed on a mix of activities rather than on a one-economy municipal area.
- The final plan should be based on the development of agricultural opportunities on 50,000 acres each year over the next 100 years.
- Development should not be by sale to producers but, rather, clearing and development should be by a government agency that holds the land until demand for food production requires its release.
- Timber removed should be used for commercial products.
- The land should be broken and seeded to perennial species.
- Draining should be undertaken where necessary.
- Land quality should be improved by careful seeding and soil treatment where necessary. All action taken should be to improve the soil to bring its productivity level up.
- All development should be by contract with private firms.
- No land should be released for at least 10 years, the minimum time required to improve soil productivity.
- In the interim, the fields could be planted and used for community pastures, hay reserves, etc.

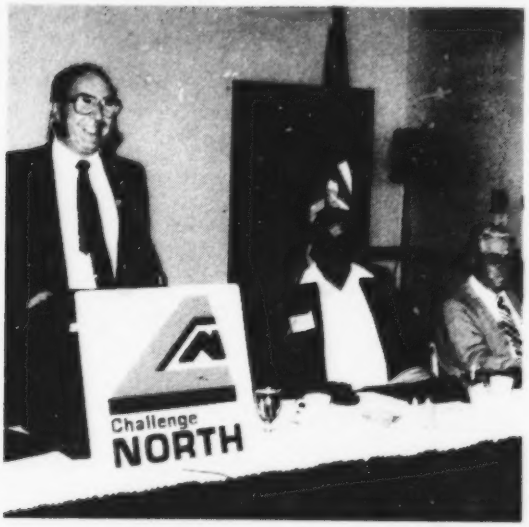
The advantages of such a program would be enhanced potential of the region for crop production, availability of better land when it is needed, support for communities and developing areas, diversification of business activities

and, eventually, a more productive, more stable agriculture industry in the Peace River region.

Dr. Guitard then made some general comments on farming. The agriculture industry now has 270,000 producers in Canada, and these use about 100 million acres of land and between 30 and 40 million acres of natural bushland, pasture, and grassland. In most years, producers generate about $20 billion—about half of that from crops and the rest from animals. Half the food produced in Canada is exported and wheat, barley, beef and pork predominate.

Canada's position in the export market is weak, not through fault of the producer but as a natural result of geography.

The agriculture industry in the North, particularly in the Peace River region, has arrived, according to Dr. Guitard. He said: "I believe that for agriculture, the development of the available lands here is really the challenge of the North."



After the luncheon on October 3, the Hon. Larry Shaben, MLA, High Prairie, and Chairman of the Economic Planning and Resource Development Committee of Cabinet, was introduced by Gene Dextrase of the Northern Alberta Development Council.

Mr. Shaben stressed the importance of conferences like Challenge North. "A great deal of valuable input to policy papers evolves from conferences such as this and from the feedback we receive as a result," he said. As an example, he cited the "Tourism Policy and Position Paper" which deals with some of the recommendations arising from Tourism North, a conference sponsored by the Northern Alberta Development Council in 1984.

Mr. Shaben touched on the nature of Alberta's economy. In 1983, he said, more than 50 per cent of the gross domestic product of Alberta was exported. That same year, for the first time, most of those goods moved west and south rather than east. Clearly, Alberta has entered the world market and must be conscious of what goes on in the world and be capable of competing.

He noted that prices are set not in Alberta but in the world market making us vulnerable to cyclical ups and downs. This hurts us more than it hurts more mature economies in central Canada. We must learn to compete in the future and to avoid such devastations as the National Energy Program and the world recession.

The newly released policy position paper, "Enhancing the Alberta Capital Market" (October 1, 1985), addresses some of these concerns. For example, movement must be away from debt financing toward equity financing. The newly announced Alberta Stock Savings Plan provides an opportunity for Albertans to invest in Alberta-based companies. A similar program operating in Quebec has resulted in growth and stability for many homegrown industries, Mr. Shaben said. One bonus from such initiatives is that financial decision-making remains in Alberta.

Mr. Shaben touched on free trade, saying that in 1984, 75 per cent or more than $100 billion, of Canada's trade was with the U.S. "Free trade is vitally important to Albertans, and particularly to northern Albertans, because of our forest products, our energy products, our agricultural products, and our finished and manufactured goods that access the U.S. market." He said free trade is the only defense against the rising tide of protectionism in the United States.

In addition to equity pools and market availability, the North needs improved transportation. One positive step has been breaking the freight rates for containerable goods to the west cost. Current efforts are channelled toward finding ways to reduce freight rates for forest products.

"As a result of deregulation of railway rates in the U.S., we now have an opportunity that could be of tremendous benefit to Canada by using deregulation in the States to lever Canadian railways into reducing their rates to be more in line with rates available elsewhere in North America."

Other needs for enhanced development of the North are education and training, and entrepreneurship. "Entrepreneurship is the key," Mr. Shaben told delegates. "We can build communities from within but it depends on people like you who are leaders in your community."

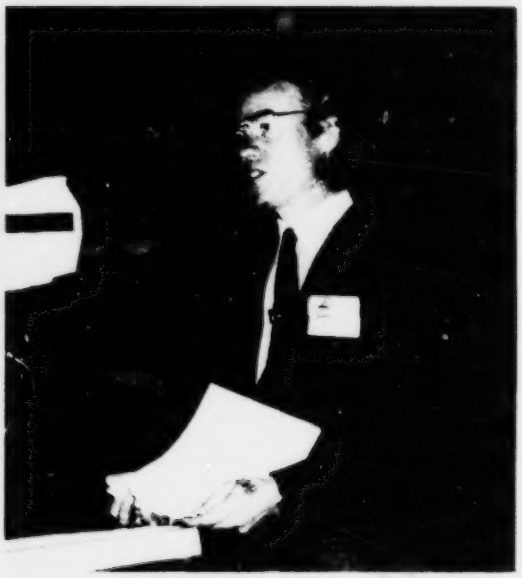
CONCURRENT SESSIONS

The afternoon of October 3 was given over to concurrent small group sessions. These dealt with the following topics:

- Entrepreneurship
- The Role of Venture Capital
- Tourism Prospects
- Economic Development in Small Communities
- Developing a Community Economic Climate
- Prospecting for Diversification

Each session featured a knowledgeable speaker followed by a question and answer period. The sessions ran twice to allow each delegate a chance to participate in two.

SESSION ONE: ENTREPRENEURSHIP



Lance Secretan, Chief Executive Officer, The Thaler Corporation Incorporated, of Caledon East, Ontario, was introduced by Joe Molho of the Northern Alberta Development Council.

Mr. Secretan agreed with Larry Shaben who said earlier that entrepreneurship is the key component in creating new jobs and opportunities. "But," Mr. Secretan asked, "what is entrepreneurship?"

He quoted German economist, Joseph Schumpeter: "The characterisitics of entrepreneurs are innovation and managing change." Schumpeter said there must be new products, or services; new methods of production; new markets; new sources of supply; new forms of organization. Any of these on their own, not together, qualify as entrepreneurial activity.

Other theorists have noted that creative imitation is also important. It is not necessary to have a new idea or a new business. Many entrepreneurs have simply discovered better ways to do old things. They repackage existing ideas in better ways to offer better service, better organization, better people, better marketing, or improvements to products.

Entrepreneurs themselves fall into several different categories. There is the inventive craftsman, the promoter, the general manager. Someone who is highly creative and innovative and who also has good management skills is the one who becomes the successful entrepreneur.

One interesting finding is that there are certain times in people's lives when they tend to go into business for themselves. This is called, "The Free Choice Period of the Would-be-Entrepreneur." It is when people see their chances of success, and it happens from the early 20s to the mid-30s. Responsibilities are then as low as they might ever be and people are surest of their abilities. After that age, because of increased financial and domestic responsibilities, changed lifestyle and diminished faith in themselves, start-ups sharply decline.

Other factors affect the entrepreneurial thrust. These are job dissatisfaction and unemployment, the so-called push factors—things that push people into going into business. Pull factors—things that pull them into business—are the apparent appearance of a market, the chance to pursue an idea or dream, the chance to capitalize on previous experience, freedom and independence, the supposed romance of the enterpreneur's role, the perceived opportunity to open a sideline, and the availability of funding.

Still other motives of entrepreneurship are growth of the economy, opportunities for public/private partnerships, and changing opportunities for new business. Mr. Secretan spoke about a phenomenon called "contractieth expansion". This occurs when an industry which has boomed, now sees its growth level-off so employees must be let go. These people are highly-skilled and trained and seek new ventures, new operations and new businesses.

There are also people who study to become entrepreneurs. Some universities teach it, Calgary for example.

Entrepreneurs, themselves, share certain common characteristics:

- They do not comfortably handle authority.
- They want to control their own destinies.
- They are more interested in personal achievement than in money.
- They welcome responsibility.
- They prefer moderate over high risks but they want to know what the risks are.
- They are motivated by feedback.
- They are energetic.
- They tend to be visionaries and dreamers.
- They are good organizers.

Some key differences as well as similarities exist between entrepreneurs and bureaucrats:

- The entrepreneur wants to control both his destiny and what he is doing; so does the bureaucrat.
- The entrepreneur wants personal achievement and ego gratification; the bureaucrat wants to give honor and credit to the group.
- The entrepreneur wants to take moderate risk; the bureaucrat tries to minimize risk at any cost.
- The entrepreneur wants informal communications; the bureaucrat needs formal ones.
- The entrepreneur wants to master the environment; so does the bureaucrat.

In well-run organizations, these things are recognized and overcome. It is wrong to try to force the entrepreneur to fit into the bureaucratic mold.

Mr. Secretan pointed out that entrepreneurship does not exist only in small business. It can be found in big business and even within government. "We tend to think of entrepreneurship as only existing in the profit-making sector, but it is possible in the non-profit sector, for instance in fund-raising or community work."

A problem he posed was: How do we know an entrepreneur or a potential entrepreneur when we see one? He suggested some characteristics to look for. "The general thrust of the entrepreneur is that he is driven by perceptions of opportunity. The administrator is driven by resources already controlled."

Also, while the entrepreneur reacts quickly and makes decisions of short duration, the administrator takes a long time to make a new decision and then sticks with it. The entrepreneur does not feel a need to own the resource; it is very important to the administrator that the resource be controlled. The entrepreneur is concerned, rather, with how to exploit that resource, how to use it. It is common for entrepreneurs not to have assets on the balance sheet but instead to have leasing arrangements.

A final difference between these two types is in structure. The entrepreneur has many people reporting to him or her—a flat structure. The administrator builds a pyramid with lots of organizational boxes.

Mr. Secretan said that if the Alberta government is really serious about entrepreneurship, it must set the tone by stating its commitment to new venture creation, new business start-ups and real support for new businesses. Then the government must develop programs to help these businesses establish and must seek projects, sponsors and people to apply for the programs. Applications and projects should be screened, he said, and there is a need to monitor and nourish.

He was adamant in his opposition to government handouts. "Handouts create the mentality for non-creation of new jobs and are anti-entrepreneurial. Governments that provide handouts to communities do the finest job possible of killing incentive to start new businesses."

Mr. Secretan discussed an innovative program in B.C. called the New Enterprise Program. It is an alternative to money and grants. This program takes people with business ideas, asks them to pay for a 3-day series of seminars, and follows up with one seminar a week for another six weeks. Enrolees get a crash course in writing a business plan, testing the market, finding money and getting started in business. Key community people, who understand financing, banking, accounting, law, marketing, and so on, contribute time to advise these people. A second group reviews the business plans, tears them apart, etc., and helps the would-be entrepreneurs learn.

This program has been inexpensive. It cost the government an initial $10,000 to get it off the ground, but, since then, the enrolment fee has covered costs. By comparison, it costs the federal government $55,000 per head to create new jobs.

Mr. Secretan concluded by reminding his audience of the Chinese proverb that if you give a man a fish, you feed him for a day, but if you teach him to fish, you feed him for a lifetime. "That is the idea behind the New Enterprise Program," he said.

Response To Delegate Queries

After his presentation, Mr. Secretan dealt with questions from the floor. The answers are summarized below:

- There are ways to test entrepreneurial direction and the kind of funding and support new businesses receive. The major banks do this sort of research before they back you and there is nowhere other than the "big five" where you get those standards.

- In areas removed from the banking decision-makers, the entrepreneur often requires government help to create the right climate—through tax incentives, initiatives and programs.

- Sometimes you must involve more than one specialist, that is, not just one banker but several financial sources, or several marketing, or accounting, or legal people.
- The guiding principle for small business is "happiness is positive cash flow."
- The New Enterprise Program screens applicants. There have been 31 new venture suggestions so far and two of these were recognized as improbable right away. Another three will not make it, but, the enrolees have still paid a mere $1,500, and not a fortune, for excellent advice and training.
- The program is hands-on; people write a plan; they are forced to deal with tough questions which improperly answered mean they shouldn't be in business.
- Another good thing about the New Enterprise Program is that an alumni of external volunteer mentors and advisers has been assembled.
- You cannot turn an entrepreneur into a bureaucrat but you can, and should, attach a bureaucrat to him to tidy up and do the administration.
- What we need are entrepreneurial bureaucrats—people who share the entrepreneur's goals.
- The distinguishing feature shared by most entrepreneurs is the ability to identify service. The entrepreneur identifies opportunities to provide new or better services. In the U.S., in the post-recession, of 10 million new jobs created, 80 per cent have been in the personal service industries—catering, food, hairdressing, etc.
- In North America there are nine universities with concentration in entrepreneurship. Two are in Canada—in Calgary and at York in Toronto.
- You must think like the person you want something from. If you have to do business with a banker, wear a tie.
- People are basically pushed by three fundamental drives: the need to achieve; the need to have power; the need to affiliate. Affiliators want to be loved and many end up as social workers or in service jobs. Power-people want authority and control and they gravitate toward the police, the military, teaching, etc. Achievers are the entrepreneurs. This assessment is not 100 per cent accurate but tends to be the dominant behavior pattern.
- Forty per cent of new start-ups are among people with two university degrees.

SESSION TWO · ROLE OF VENTURE CAPITAL

Derek Mather, President, Vencap Equities Alberta Ltd., was introduced by Cec Jardine of the Northern Alberta Development Council.

Mr. Mather stressed northern Alberta's importance to Vencap, saying, "We've invested here and we'd like to invest more."

He said that "risk capital", or "venture capital", is unregulated, unprotected capital and that all capital was of this sort before 1900. "Fiduciary capital" is bank, or government, or pension, or insurance capital. Most available capital is of this type.

Even though the first risk capitalists were the Knights Templar, ca. 1100 AD, and Queen Isabella was a venture capitalist when she financed Christopher Columbus, and the CPR was built with venture capital from the Bank of Montreal, most people do not understand this kind of funding. This is because, outside the U.S., it seems to be a new idea. Another reason for this imperfect understanding of risk capital is because fiduciary capital's availability has blinded people to the existence of unprotected and unregulated capital. But things are changing now. Venture capital has arrived in Alberta. Vencap brought it here.

Like venture capital itself, Vencap is not well understood. Albertans may be knowledgeable

about risk capital for real estate and for oil and gas exploration and development, but they do not realize that Vencap is in the business of building major companies from small beginnings.

"The success of building major businesses depends largely on the intelligence, or courage, or perseverance, or hard work of individual men and women over time," Mr. Mather said.

When one risks money in oil, gas or real estate, there is usually something tangible there—assets, geology, buildings. Hard work, courage and intelligence are intangible. Another difference relates to time. The results of oil and gas investment are usually soon known. Vencap doesn't know the nature of its risks for years.

For these reasons, people find it difficult to differentiate between Vencap's activities and gambling and don't understand why Vencap is more cautious than real estate and petroleum products risk capitalists.

"It's not gambling," Mr. Mather stressed. "But it's still very risky. No bank would do what we do, at least not knowingly."

In October of 1983, when created, Vencap was capitalized with $44 million of common shares and convertible debentures owned by ordinary people. When these were sold, there was a $200 million loan. This is seen as lifetime funding. However, in return for this capital support, the corporation may not participate in areas well-served by others—oil and gas exploration and development, real estate, conventional banking and financing. The focus must also be on projects that concern Alberta and Albertans.

Mr. Mather noted a qualification attached to the exclusion of oil and gas from Vencap's mandate. The well-servicing industry is open to Vencap and, indeed, several investments have already been made there.

He said Vencap can invest outside of Alberta as long as the ventures succeed and benefit Alberta and/or Albertans.

Vencap is not a Crown corporation and is not owned, controlled or directed by government. It is 100 per cent privately owned and all directors are from the private sector.

"We wouldn't know how to run a Crown corporation if we had to," Mr. Mather said. "We're here to help start new Alberta companies; we're here to support existing Alberta companies; we're here to assist competent management acquire available Alberta companies."

Vencap never tries to control or manage the companies it invests in but, rather, invests on a minority basis, taking less than 50 per cent of the equity. Mr. Mather said the main thing looked for is management. Vencap prefers to back a grade-A management team with an indifferent idea to backing a grade-A idea with an indifferent team.

Vencap, to October 1, 1985, had invested just under $50 million in some 18 Alberta ventures. By comparison, in all of 1984, the entire Canadian venture capital industry invested no more than that. "Vencap is accounting for about ⅓ of the venture capital activity in Canada—and doing it in Alberta," he said. He named several companies invested in and outlined their success.

"We're excited about what we're doing and pleased to be doing it in Alberta. We believe that 10 years down the road, it will be evident that Vencap has made a big difference."

Response To Delegate Queries

- Vencap actively seeks likely companies to invest in. When such a company is earmarked, it is carefully investigated before money is put into it.
- No single investment instrument is used. Mixtures of common and preferred shares are usual and there is no normal investment by way of debt.
- Vencap likes to receive the venture capital rate of return.
- Concentration rests on the fundamentals: Are the people good? Have Vencap and the company been able to establish a working relationship? Will the company accept counselling and tutoring? Does the business have potential?
- Vencap, in effect, becomes a junior partner. When the company makes money, Vencap sells out—either to a bigger company or back to the entrepreneur himself.
- Vencap recruits high-calibre people like retired successful businessmen to sit on the boards of client companies.
- Vencap is sometimes not sole investor. Its funding is often complementary to a bank's funding.
- Other than the $50 million continually invested, Vencap's funds are held in high-grade preferred shares.
- Although Vencap sets no minimum amount loaned, it has never yet put up less than half-a-million dollars. However, there is a maximum. Under the existing loan agreement with government, Vencap cannot invest more than 10 per cent of its assets in any one undertaking.

- Sometimes you must involve more than one specialist, that is, not just one banker but several financial sources, or several marketing, or accounting, or legal people.
- The guiding principle for small business is "happiness is positive cash flow."
- The New Enterprise Program screens applicants. There have been 31 new venture suggestions so far and two of these were recognized as improbable right away. Another three will not make it, but, the enrolees have still paid a mere $1,500, and not a fortune, for excellent advice and training.
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- You cannot turn an entrepreneur into a bureaucrat but you can, and should, attach a bureaucrat to him to tidy up and do the administration.
- What we need are entrepreneurial bureaucrats—people who share the entrepreneur's goals.
- The distinguishing feature shared by most entrepreneurs is the ability to identify service. The entrepreneur identifies opportunities to provide new or better services. In the U.S., in the post-recession, of 10 million new jobs created, 80 per cent have been in the personal service industries—catering, food, hairdressing, etc.
- In North America there are nine universities with concentration in entrepreneurship. Two are in Canada—in Calgary and at York in Toronto.
- You must think like the person you want something from. If you have to do business with a banker, wear a tie.
- People are basically pushed by three fundamental drives: the need to achieve; the need to have power; the need to affiliate. Affiliators want to be loved and many end up as social workers or in service jobs. Power-people want authority and control and they gravitate toward the police, the military, teaching, etc. Achievers are the entrepreneurs. This assessment is not 100 per cent accurate but tends to be the dominant behavior pattern.
- Forty per cent of new start-ups are among people with two university degrees.

SESSION TWO · ROLE OF VENTURE CAPITAL

Derek Mather, President, Vencap Equities Alberta Ltd., was introduced by Cec Jardine of the Northern Alberta Development Council.

Mr. Mather stressed northern Alberta's importance to Vencap, saying, "We've invested here and we'd like to invest more."

He said that "risk capital", or "venture capital", is unregulated, unprotected capital and that all capital was of this sort before 1900. "Fiduciary capital" is bank, or government, or pension, or insurance capital. Most available capital is of this type.

Even though the first risk capitalists were the Knights Templar, ca. 1100 AD, and Queen Isabella was a venture capitalist when she financed Christopher Columbus, and the CPR was built with venture capital from the Bank of Montreal, most people do not understand this kind of funding. This is because, outside the U.S., it seems to be a new idea. Another reason for this imperfect understanding of risk capital is because fiduciary capital's availability has blinded people to the existence of unprotected and unregulated capital. But things are changing now. Venture capital has arrived in Alberta. Vencap brought it here.

Like venture capital itself, Vencap is not well understood. Albertans may be knowledgeable

about risk capital for real estate and for oil and gas exploration and development, but they do not realize that Vencap is in the business of building major companies from small beginnings.

"The success of building major businesses depends largely on the intelligence, or courage, or perseverance, or hard work of individual men and women over time," Mr. Mather said.

When one risks money in oil, gas or real estate, there is usually something tangible there—assets, geology, buildings. Hard work, courage and intelligence are intangible. Another difference relates to time. The results of oil and gas investment are usually soon known. Vencap doesn't know the nature of its risks for years.

For these reasons, people find it difficult to differentiate between Vencap's activities and gambling and don't understand why Vencap is more cautious than real estate and petroleum products risk capitalists.

"It's not gambling," Mr. Mather stressed. "But it's still very risky. No bank would do what we do, at least not knowingly."

In October of 1983, when created, Vencap was capitalized with $44 million of common shares and convertible debentures owned by ordinary people. When these were sold, there was a $200 million loan. This is seen as lifetime funding. However, in return for this capital support, the corporation may not participate in areas well-served by others—oil and gas exploration and development, real estate, conventional banking and financing. The focus must also be on projects that concern Alberta and Albertans.

Mr. Mather noted a qualification attached to the exclusion of oil and gas from Vencap's mandate. The well-servicing industry is open to Vencap and, indeed, several investments have already been made there.

He said Vencap can invest outside of Alberta as long as the ventures succeed and benefit Alberta and/or Albertans.

Vencap is not a Crown corporation and is not owned, controlled or directed by government. It is 100 per cent privately owned and all directors are from the private sector.

"We wouldn't know how to run a Crown corporation if we had to," Mr. Mather said. "We're here to help start new Alberta companies; we're here to support existing Alberta companies; we're here to assist competent management acquire available Alberta companies."

Vencap never tries to control or manage the companies it invests in but, rather, invests on a minority basis, taking less than 50 per cent of the equity. Mr. Mather said the main thing looked for is management. Vencap prefers to back a grade-A management team with an indifferent idea to backing a grade-A idea with an indifferent team.

Vencap, to October 1, 1985, had invested just under $50 million in some 18 Alberta ventures. By comparison, in all of 1984, the entire Canadian venture capital industry invested no more than that. "Vencap is accounting for about ⅓ of the venture capital activity in Canada—and doing it in Alberta," he said. He named several companies invested in and outlined their success.

"We're excited about what we're doing and pleased to be doing it in Alberta. We believe that 10 years down the road, it will be evident that Vencap has made a big difference."

Response To Delegate Queries

- Vencap actively seeks likely companies to invest in. When such a company is earmarked, it is carefully investigated before money is put into it.
- No single investment instrument is used. Mixtures of common and preferred shares are usual and there is no normal investment by way of debt.
- Vencap likes to receive the venture capital rate of return.
- Concentration rests on the fundamentals: Are the people good? Have Vencap and the company been able to establish a working relationship? Will the company accept counselling and tutoring? Does the business have potential?
- Vencap, in effect, becomes a junior partner. When the company makes money, Vencap sells out—either to a bigger company or back to the entrepreneur himself.
- Vencap recruits high-calibre people like retired successful businessmen to sit on the boards of client companies.
- Vencap is sometimes not sole investor. Its funding is often complementary to a bank's funding.
- Other than the $50 million continually invested, Vencap's funds are held in high-grade preferred shares.
- Although Vencap sets no minimum amount loaned, it has never yet put up less than half-a-million dollars. However, there is a maximum. Under the existing loan agreement with government, Vencap cannot invest more than 10 per cent of its assets in any one undertaking.

- Vencap operates under the following rule of thumb: **Finance conservatively so you can operate aggressively.** In most ventures, companies are counselled to maintain good working capital balances and to keep funded debt down.

- It is a fully taxable corporation although it has done what it can to minimize federal taxes by buying preferred shares.

- There's no such thing as a good idea, period. An idea is only good in the hands of someone who can make something of it.

- Venture capital companies keep an investment about 10 years before they can dispose of it and make a profit.

- Vencap does not ask for security. If a company goes down, Vencap loses its money.

- In Alberta, there are about 14 other venture capital firms, and the Small Business Equity Corporations Program of the Alberta government recently launched 96 separate investment corporations (at the time of the Challenge North Conference). Delegates were urged to also become familiar with this very successful program.

SESSION THREE — TOURISM PROSPECTS

Charles Gee, Dean, School Of Travel Industry Management, University of Hawaii, was introduced by Vince Rice of the Northern Alberta Development Council.

Dr. Gee said, "Tourism is big business—exciting, dynamic, interesting. It is also the world's largest economic activity." The World Tourism Organization estimates that this industry is worth $300 billion annually. The estimate seems low to Dr. Gee since, in the U.S.A. alone, the industry generates $200 billion.

Hawaii, while still a separate country, was a founding member of the Pacific Area Travel Association (PATA). Canada, has recently become the Association's 35th member country and this membership is a link to the Pacific, the fastest-growing tourism market. "In world tourism, we say that Europe is the market of the past; the Caribbean is the market of the present; the Pacific is the market of the future. Traffic is moving east to west. So Canada is positioned correctly." Dr. Gee said.

He went on to say that the Report from the Northern Alberta Development Council's 1984 Tourism North Conference, along with Travel Alberta's "Policy and Position Paper on Tourism" are loaded with good ideas, although these express hopes more than they express policies.

Tourism is not so much an industry itself as it is made up of many other industries. At least 141 separate professions and occupations are related to tourism. In Hawaii, 63 different economic sectors (other than such obvious ones as hotels and airlines) have something to do with tourism. It is important to identify the components of the travel industry because this assists in developing policies and is important when money is allocated.

In places like Hawaii, that are recognized tourism destinations, many dislike tourism because it encroaches on every area of life. Also, whether Hawaiians wish to be hosts or not, they are forced into this role. Some believe that tourism encourages and fosters low-paying jobs.

"So," Dr. Gee asked, "Why do northern Albertans want tourism? Only for its economic benefits?" Most places do want tourism for its revenues, and also for its jobs, but few ask who will take those jobs, or what kind of jobs they might be, or if such jobs require investment or training.

There are other questions to be asked. Can tourism be used to foster nationalism? Is it a tool to educate people? Will southerners understand northerners if they travel to the North? These things probably can be achieved, it is thought, but tourism is also capable of promoting misunderstanding and can hurt the environment. Policy statements, therefore, must be expressed with care.

Some countries are eager to use tourism to promote internationalism; some see it as a window to the world; some see it only as a symptom of consumerism. The U.S. has used tourism as a way to create new gateways to countries such as Mexico, and this is what Canada is now attempting in mentioning tourism as an element in its free trade overtures.

In the U.S. today, trade in services is the fastest growing area of trade—over $100 billion yearly. Of that, 25 per cent is tourism-related. For some time, Canada has been moving toward growth in services rather than to manufacturing and agricultural growth, but there is still preoccupation with the domestic sector, and most Canadian policies do not even mention the international sector but, instead, dwell on tourism in general. Until Canada can spell out what it wants, who it's for, how Canadians will benefit and how small communities will benefit, there is no viable policy.

Before tourism can happen, there are some necessary things to take care of:

- infrastructure (the physical side)
- human services (the people side)
- marketing (the money side)

Accessibility is of primary importance. "I don't mean you can come on Monday, Wednesday or Friday. I mean today! If you really want tourism, you have to meet the demand to know what **hour** of what day the tourist can fly."

Also important is the kind of jobs created. The jobs residents want are those that stay in the province. Training and labor availability are part of this.

As well, the human side involves service. Poor service amd indifferent hospitality are matters of training—of attitude conditioning. Before hospitality can be willingly offered, the public must be aware of tourism's value and must be receptive to the idea of all these visitors. This implies a different kind of training than we know. The University of Alberta is trying to start a program to fill the hospitality industry's needs but, so far, a shortage of teachers has kept the program on hold. In the U.S., there are about 240 such programs—4-year degree courses—but, in Canada, only about three or four exist so far. Tourism cannot be successful unless development of the human component takes place at the same time as development of the physical component.

Low awareness of tourism benefits and lack of community input to decision-making are other problems. However, since tourism does not exist in isolation but is composed of hundreds of other industries, communication must improve to the point where the other industries clearly realize this. The communication that now goes on among different areas of the industry is interesting. For example, airlines make their money on many flights—high passenger turnover; hotels make more of their money on a guest who stays five nights than on one who only stays overnight. The two industries, therefore, have different wants and are interested in different policies. They must get together to sell a unified product.

Communication between the private sector and government is also inadequate. Usually, public and private sectors do not work in co-operation until someone decides to bring them together on a regular basis for discussion. Until dialogue starts among all parties—the different industries, government and the citizenry—tourism won't work.

Whenever tourism is unacceptable to residents, it is also unacceptable to visitors. What the tourist is buying is not something he can put in a bag and take home; it is experiences, hospitality, warmth and people who care. In Hawaii, to create public awareness of these things, the Visitor Industry Educational Council was formed—a first in the world. It exists specifically to educate the general public about the benefits of tourism. The Council produces commercials and films to explain these things. Some films are directed toward public school teachers who previously knew nothing about tourism and so never mentioned it in class. The commercials are backed by more than 100 corporations in Hawaii and this is clearly stated so that Hawaiians will not feel they are on the receiving end of government propaganda. A new film called, "Tourism: What's in it For me?" is designed to attract high school students to tourism careers.

The Council also makes use of high-profile Hawaiians to help get the message across—local, well-known people, who have become successful, sometimes as a result of their tourism activities. The Council wants people to see that tourism is their industry and exists for their benefit.

Many older facilities in tourist areas were badly designed and many have not been well-maintained. A truth to be faced is that tourism requires periodic or constant reinvestment. Wherever facilities are not maintained or where capital is syphoned off to other industries, problem arise.

Dr. Gee said: "Lack of year-round activities and destinations in Alberta is a problem....Unfortunately, the things that are world-class here, are in the south....if you don't have a major attraction, if you don't have a natural one, you create one." He cited Disney World as an example.

"A world-class resort in northern Alberta could attract. I would probably do it somewhere in the heart of a smaller community which would act as the funnel for services and would become service-based. It would not change lifestyle too much but it would revive art and culture and would be a way to create all sorts of charming

little retail shops—but only if people in the community want to do it."

One of Alberta's recognized tourism problems is its drive-through nature. Nine million people who come are merely passing through. Another problem is inadequate infrastructure, including transportation difficulties. Dr. Gee said it had been difficult for him to reach Fort McMurray because of inconvenient air links. Connections between Calgary and Edmonton do not synchronize and this must be resolved. "No one wants to sit in an airport for four or five hours and rather than do that, a tourist will by-pass Alberta and go to Montreal or B.C." He said that until dealing with such problems becomes policy, they won't be solved.

Capital represents still another difficulty. It costs $100 million to build a modern resort today—$200,000 per room. Done for less, the resort will not achieve required standards. "Better to do fewer things and do them very well because nothing works better as a money machine than the right kind of resort or hotel. Tourism is the richest cash flow industry of any."

He warned delegates not to rely too heavily on government because the real tourism industry rests with small business. "It's one of the few industries anyone can easily enter. It's easy to start a small travel agency, or tour operation, or small restaurant, but it is hard to stay alive afterward." Although small restaurants are described as free enterprise's last frontier, the mortality rate is 80 per cent a year. Lack of management know-how and undercapitalization are two reasons for this.

Dr. Gee again mentioned Alberta's concentration on domestic travel saying that only two per cent of the province's visitors come from outside north America and more effort should be directed toward attracting the right international markets.

SESSION FOUR - ECONOMIC DEVELOPMENT IN SMALL COMMUNITIES

Ted Van Dyke, President, Bear-Spike Holdings Ltd., Creston, B.C., was introduced by Betty Duckett of the Northern Alberta Development Council.

"What is a small community?" asked Ted Van Dyke. The answer is not a simple one, he told delegates, because there are different kinds of small communities. In its most extreme form, everyone in such a community is related and although there are some settlements like that in northern Alberta, a better definition of a small community would be 'a place where relationships between people are personal.' This also

means there is less bureaucracy, less organization of people into specialties and structures, and less standardization.

"The smaller the community is, the more people tend to be generalists, the more they take responsibility for community life, the more they are self-sustaining, the more they are involved in human things," he said. The result is that the small community operates on a face-to-face, one-to-one basis while the large community works on a basis of policies and standardization, compartments and departments, specialization and bureaucracy.

Northern Alberta's small communities are also characterized by widely differing cultural roots, from Mennonite settlements to Native communities.

Dr. Van Dyke noted the difference between economic growth (expansion) and economic development. 'Development' implies some sense of maturing or nurturing—an unfolding process that probably leads to independence. This is not necessarily so in economic expansion. Growth in some communities could be viewed as excessive growth in others.

Economists who plan a project that looks good on paper and that worked somewhere else in the world, may fail to take people and their wants and needs into consideration. Behavior in one community is not parallel to behavior in a different community. In fact, this is why many economic development projects fail. Local people should have the opportunity to participate in planning such projects, in setting objectives, in laying out the steps.

Dr. Van Dyke spoke of the early days and rapid growth of Fort McMurray and noted that human development had taken place alongside the economic development, indicating some realization that local people must be involved in their own destinies. Whenever a community feels it

has a stake in the development process, plans have a good chance of success.

All these things are related to power, he said. In dealings between little communities and the larger society, there is always an unequal power relationship. The small community always has subordinate access to economic power, to political power and to social power.

For a long time small northern communities have been in the position of recipient — of being the controlee in the power game while the larger society is the controller. This is changing to some extent. Small communities are learning that to make their case they need to do more than state their problems. They must take control over their social systems, their education systems and their economic systems.

"For 100 years," Dr. Van Dyke told delegates, "economic development has been used to assimilate small communities into the mainstream. Now we are beginning to say we don't want that to happen. We don't want to be gobbled up, or absorbed, by the lifestyle of the larger southern society. We want to participate in a way that is meaningful to us. We want to retain our unique identity. We want to choose how we participate economically, politically and socially."

People often say problems are created by inappropriate use or direction of power. In one northern study, Dr. Van Dyke found that 65 per cent of problems (economic and otherwise) were created, not solved, by government. He said this was misdirection of power whether or not the true objective was control of the small community.

He defined power as the ability to force people to do what you wish, to enforce a desired outcome. But, development should be a polar opposite—it should be the ability to nurture independence.

Often, power is motivated by the desire for economic expansion. Development, on the other hand, is concern for the problems of people. These are very different kinds of directions.

The goal of economic expansion is often to build a larger corporation or government or bureaucracy or personal empire, but such things don't fit into the small community. The management control style of economic development is counter-productive to the kind of development that benefits the small community.

Dr. Van Dyke paraphrased St. Paul: "We may have the economic systems and the technology to move mountains. We may even give our bodies to be burned, but unless we have a stake in, and a love for, the kinds of communities that we are working with, you and I are nothing."

- The biggest problem planners face in dealing with economic development is isolation or disassociation from other aspects of community development.

- The only way to deal with diverse community ideas and options is through consultation. The larger society can only deal with standardized approaches, but in the smaller community, you must use approaches that can step outside standard policy. There is a tendency to define a community geographically but, often, communities are settlements of many different human communities. All that must be dealt with, sometimes through consultation that includes all groups; sometimes the community itself can work it out.

- Canadians traditionally deal with problems through analysis—breaking things down into parts and analyzing the parts. That method doesn't work well with questions about the home. Individuals don't function that way. We don't get up in the morning and be economic for 10 minutes, and then political for five minutes, and then social for fifteen minutes, and so on. Life is a whole. It is integrated.

- Interface between the larger society and smaller communities is inevitable. It's a challenge to develop ways to participate in the large economic world without giving up identity. We should not be substituting native people for white people in the same system, but should be having the kind of system that makes sense in native tradition; that can't be done in isolation. The trick is to develop forms that make sense internally but provide interface and economic extension into the larger society. Economics are part of the life of the little community but can't be divorced from the rest of the community's life.

- Policy is the only option a large impersonal organization has in trying to unify the way it approaches a problem. There is a difference between a corporate body stating a hope and laying out well-directed policies and ways to attain them. Organizations with a goal also need step-by-step ways to reach the goal.

- Governments and other faceless bureaucracies are also often contradictory. This is why small communities usually try to set up a relationship with someone within the bureaucracy.

- The larger the corporation, the more it is forced to standardize policies—to deal in a standard way with everyone.

- When a corporate body is distant from the

field, the more centralist it becomes.

- Where people have no stake in their own lives, they see no reason to participate.

SESSION FIVE - DEVELOPING A COMMUNITY ECONOMIC CLIMATE

Don Detomasi, Dean, Faculty of Environmental Design, the University of Calgary, was introduced by Gene Dextrase of the Northern Alberta Development Council.

Small communities that have been agricultural service centres, and communities that grew up around depleted resource bases, are declining. Governments have tried to diversify economies and to improve the quality of life in these communities. The focus has been to try to attract industry from somewhere else—mostly manufacturers and industries that produce for export.

These policies are developed from outside the communities and concern activity from outside, and seek markets that are outside. This is called 'the export base' model of economic development and the 'growth pole' theory of community growth. Dr. Detomasi expressed concern about the ethics of such policies. Although governments still embrace these policies, many communities have moved away from them.

A second set of policies attempts to raise standards in communities through improved physical characteristics—water, sewer, pavement, recreational facilities, etc. Communities deserve such things on an equality-of-treatment basis and often cannot afford them without government help but such improvements have not always been for the benefit of the community but also have served as a way to make that community a more attractive place for outside firms to locate.

Other programs, not necessarily directed at the small community, have had impact. For example, manpower training programs, housing, financial incentive programs for small business, things like that, have provided small communities with opportunities to help themselves. In fact, communities often use imaginative approaches to such programs and benefit more than those they were designed for and more than from programs focused specifically on them.

"There are numerous examples of communities which have not benefited, at least in the long run, from the location of new economic activity. And some have been worse off, "Dr. Detomasi said. He spoke of plants which had failed and left a community with an older, no better-off workforce than before they came, of communities which had sunk money into infrastructure to support a population and industry which never materialized, of communities, which had forfeited environmental quality, or culture, or land, etc., and are now left with abandoned factories and closed mines.

Dr. Detomasi told of a conference where the characteristics and experiences of five countries were compared and contrasted. Countries with success in revitalizing the local economy shared some characteristics:

- local initiative from an original small group of citizens
- co-operation among citizens
- flexibility and adaptability
- focus on community growth and not on private interest
- continuity
- persistence
- focus on local resources
- existence of a plan
- use of existing government programs

Community economic vitality depends on the ability of the local economy to provide steady jobs which generate sufficient income for a good quality of life—**jobs, income,** and **quality of life.** Plans explicitly for the community must be developed. There must be a realistic knowledge of what is in the community, so an inventory of community resources as well as of assets, liabilities, and capabilities is necessary. The community itself is the best group to prepare this inventory and to take on the self-study as well as to attempt to achieve economic development.

Dr. Detomasi stressed that communities that take on these tasks—that are the prime movers—must be capable of finding their own planning group. It is not known whether or not government assistance should enter into this—some experts believe a community that can't

start a planning group on its own, should be allowed to die; but others say it is government's responsibility to build community capability.

How does government decide whom to help? First, a major objective of government should be to increase the "instruments" a community needs to get ahead, as follows:

Education

Job training should relate to the community's economic development objectives. Education, particularly in training and retraining programs, is one crucial instrument.

Most communities need to improve their problem-solving and decision-making. This need exists everywhere in the community—from local government, to private business, to citizens—and formal training programs can help. Also, training and retraining can increase the quality, the versatility and the productivity of the workforce. It can change capabilities. If the community has a well-defined objective already in place, then education and training should suit those objectives. There is no point in training cooks if the community needs heavy equipment operators.

Government Programs

A good rule of thumb is: **small and local rather than big and external.** A wide range of public programs are needed that the community can tie into. Specifically, programs should be developed to improve the capabilities of already established businesses. This shifts emphases from large businesses to small.

What used to be called community development officers are needed to encourage co-operation and to gain access to government programs since many such programs have requirements that are either unknown or unintelligible to citizens. These officers must be informed about the private sector as well, and must understand the objectives and abilities of the community.

Freedom of Action

Provincial governments can increase communities' freedom-to-act and should consider ways to do so. For example, program eligibility requirements could be redefined so they fit community needs. Local governments' powers, duties and responsibilities are legislated and this prevents them from doing many things to help development. Some activities now disallowed are joint ventures with local businesses and money-lending on an intermediate or long-term basis to support local economic activity.

Dr. Detomasi concluded by outlining the objectives of a good community development policy:

- to achieve the kind of mobility and flexibility that will create appropriate steady jobs
- to provide adequate incomes to local residents
- to emphasize local initiative, independence and self-reliance
- to develop community-specific plans and objectives
- to obtain support and assistance from senior government

Community development, he said, must be through a community development plan with long-term objectives and well-thought-out strategy.

Response To Delegate Queries

- In successful community organizations in the European countries studied by Dr. Detomasi, local governments participated directly in committees or worked parallel to them.

- Local planning groups must be more than chamber of commerce boosters. They must act for the community rather than just for the business sector or local government.

- Many people misunderstand what is meant by service employment. Jobs created in financial services, in health care services, in retailing, in things like insurance and law, are in the service sector.

- Planners are at their best when they help people plan and at their worst when they plan for people.

- Two forces that have a lot to do with community survival are: the market and government. Perhaps marketplace rules should not be applied to communities; if not, then government should provide resources to help communities survive.

- Provincial governments are not interested in seeing local governments become politically powerful, but political legitimacy is a must. Communities need the power and legality to act on their own behalf.

- The post-secondary education system does not yet recognize and respond to the need for competent people to work in small communities. In general, planning programs in Canadian universities prepare people to play a helping role but do not focus on small communities and the problem of their economic decline. However, universities are quick to respond to individual requests. The University of Calgary is designing a course in economic development planning for small town administrators, in response to just such requests.

SESSION SIX - PROSPECTING FOR DIVERSIFICATION

Shelby Dill, Executive Director, Economic Development Authority of Western Nevada in Reno, was introduced by Mary Bennett of the Northern Alberta Development Council.

Several years ago, Mr. Dill told delegates, Nevada passed legislation allowing the creation of Development Authorities which are empowered to grant funds for economic development to various levels of government. The Authorities are composed of both private sector and government representatives.

Since working with the Nevada system, Mr. Dill said he realizes there is nothing new in economic development, just a few new wrinkles. Communities should work at development 24-hours-a-day and they should diversify.

Small towns are basically all the same. They're the same in their efforts to attract industry and they've all copied these methods from big cities even though the missions, goals, objectives and organization don't fit. They should seek customized help from outsiders—the province, other communities, consultants, etc.

Large communities are less attractive to industry than middle-sized communities because of such problem areas as crime, taxes, transportation difficulties and the like. Today, industry prefers to locate in mid-sized cities. But certain cities and areas will never get industry. This should be accepted and objectives should be placed in other directions.

Mr. Dill said that 80 per cent of growth comes from within a community and should not be overlooked—the existing industry or employer should not be ignored or neglected. Sometimes a long-established industry or resource needs incentives to keep going. Communities usually find these things when they are luring new industry, but such incentives as tax rebates, financial programs or subsidies are seldom offered to the incumbent employer.

In Nevada, Mr. Dill said, laws are actually being changed to help communities diversify and attract industry. Communities everywhere can work toward such law changes. He spoke of Foreign Trade Zones—specially designated areas where a company can bring in the components for its product and assemble the product without ever paying duty until the goods are sold. Such zones work very well and bring in many new jobs.

In attracting new industry, the Western Nevada Economic Development Authority makes sure statistics are up-to-date and that the community inventory is accurate, but it uses no glossy brochures. However, presentations to clients are personalized, with their names on them, and their specific needs are determined through research and then answered. Mr. Dill said: "Don't give prospects everything the first time, because they'll never come back. They don't need you anymore. You want them to need you all the time."

Image-building is a must, and most often is achieved through advertising. However, advertising agencies have trouble with industrial and economic development advertising. Input from the community becomes necessary. "Your own ad is far better than some of these dreamy-eyed ideas that ad agencies come up with." Advertising must be carefully placed as well, in publications that are read by the people you are trying to reach.

Industry never answers blind ads, Mr. Dill told delegates, so it is important to put a real person's name and a proper address on every ad. When people respond to ads, run a credit check and then strengthen that by calling some other organization in their home town.

The Western Nevada Authority no longer targets specific industries; it talks to everybody. "We have what we call suspects, prospects and clients. A **suspect** is someone who has indicated interest as a result of our advertising—about 3,000 a year. **Prospects** are those wanting more details—usually they phone or write, and there are about 100 of those. **Clients** are face-to-face contacts. We have them visit. Last year we had 63....What we do is follow-up, follow-up, follow-up, keep calling on them. The private citizen calls on them; the businessmen and government leaders call on them; and we call on them."

International trade is actively pursued by the Authority because it is a source of diversified investment. In Nevada, there is a strong move to be involved in a world market so the Authority makes overseas trade missions a priority.

Some communities, with a laid-off workforce, try to attract foreign manufacturers through this available skilled labor and that works very well. Western Nevada has drawn companies from Germany, Israel, Australia, Japan and many other countries. "We like foreign companies because they bring new ideas and are constantly seeking to be accepted. They're always helping."

However, despite the Authority's many successes, financing remains a problem. (Industrial Development Revenue Bonding, the only government program available to the Authority was cancelled with the 1986 Tax Bill.) Funding programs are important for seed money, for moving expenses, for start-ups and for travel.

He spoke favorably of incubator operations and other programs that encourage entrepreneurism.

Response To Delegate Queries

- Foreign Trade Zones although federally sponsored are private enterprise. There are currently 89 applications before the Foreign Trade Zone Board in Washington. The zones vary in size; Reno's encompasses 25 acres.

- Certain small towns will never have industry; they can't support it; they can't handle it. Instead, they should discover their assets—perhaps recreation—and work at growth that way.

- When a prospect is identified, he is shown all possible communities in the Western Nevada Authority's jurisdiction. The Authority never decides where the prospect should locate.

- The Authority bends over backward to attract industry. It does research—even studies—for firms, and provides what is needed for the decision to be made.

- You do a disservice to people already in business in your community if you give away incentives to new people. Good industry doesn't want a giveaway.

- The Authority preselects certain companies and industries. Direct mail campaigns are directed there. Firms known as growth companies are investigated, researched and contacted.

- Two important things are community attitude and taking along local businesspeople when you tell your story to a prospect.

- Don't sit back and wait; go out and do it for yourself.

- Build up personal relationships; send out Christmas and anniversary and birthday cards.

- A business incubator is a system where several small entrepreneurs are housed under one roof and share secretaries, bookkeepers, computers, photocopy machines, etc. It's a private enterprise scheme, handled usually by the person who owns the building. When a company is ready—graduated, they call it—it moves out on its own.

CULTURE AS A RESOURCE

Dinner Speaker, W.O. Mitchell, well-known Canadian author, was introduced by Vince Rice of the Northern Alberta Development Council.

W.O. Mitchell was a highlight of the Conference. He is known to thousands of Canadians for his gentle humor and his graphic portrayal of prairie life. For many years, as well, he has made small-town prairie-living sound interesting and exciting. Although many know his written and broadcast works, few people are aware of Mr. Mitchell's gifts as an orator. Delegates to Challenge North are now well-acquainted with these gifts.

His topic was, "Culture as a Resource," and he approached this in a novel fashion. Mr. Mitchell read from his book, "How I Spent My Summer Holidays," and regaled the audience with his story of how a few enterprising small boys dynamited not only a backyard but also a harmless grandfather. Delegates laughed so hard they cried.

But Mr. Mitchell's message was serious. He showed how true-life adventures of even the most ordinary person from the most ordinary place translate into the culture of a people—become their folklore. It is not necessary to import culture or to imitate the ways of others. We make our own traditions, our own culture and our own history. He said that all the things he had ever done or ever seen were the fodder for his novels. Northerners, Albertans, Canadians from everywhere, have a rich folklore and a treasury of tales that are part of our history and will become our culture and culture is a resource that should not be overlooked in northern Alberta.

Hu Harries, President, Hu Harries and Associates Ltd., Edmonton, was introduced by Bob Elliott, MLA for Grande Prairie and member of the Northern Alberta Development Council, to speak on the business climate. Dr. Elliott then introduced John Scott of J. F. T. Scott and Associates Limited, Edmonton, to discuss the Northern Alberta Development Council study on northern economic opportunities.

Hu Harries presented a general economic picture of northern Alberta. He noted that many communities' first development priority is adequate infrastructure and said such development provides economic opportunities for small business. "We are not talking about big mega-projects. They take place at an entirely different level, but, as they come onstream, their significance to small business is in the opportunity area one might call business infrastructure."

Large resource developments are "lumpy" in that an overheating or supercooling of the ordinary business economy occurs. There is often a cycle of enthusiasm, over-expansion and, in some circumstances, failure at the local level.

One difficulty with a market economy is over-reaction in both expansion and curtailment phases. Mr. Harries indicated that this is particularly true in primary business areas that are purely a function of population.

You require different businesses when you have a population of 20,000 from when you have a population of 100. In the identification and growth of business opportunities relating to population growth, difficulty happens with the market economy.

Mr. Harries suggested we soften the pure market economy with an overall view of each particular opportunity. "I am not talking about economic planning. I'm not talking about anything except the free exchange of ideas among businesspeople in an area."

This is really a need for increased communication and citizens can be actively involved by patronizing businesses they want to see stay in the area. He said support for local business is not discriminating against outsiders. "I don't accept that. It is not wrong to create an environment that gives local business a priority over outside business, because the flow-through effects of local business are important."

Mr. Harries was confident about economic opportunities in the North and encouraged further local involvement. "I don't need to emphasize the opportunities that now exist or will exist in the future in this whole northern area. They're there, or they will inevitably come. One thing you don't have to import, "Mr. Harries said, "is the people to take advantage of those opportunities; they're already here."

There is a direct link between entrepreneurial spirit and the pioneer economy of the North. Entrepreneurism is basic to the northern economy, but one challenge is to curb this drive in the interest of stable long-lasting growth.

Any regional economy is affected by the larger world. Western Canada relies to a large degree upon the energy industry. While development may not continue on fixed timelines, it is still clear that the North will grow and develop with a healthy, vibrant energy industry as the keystone. Having this secure economic base means that the North has excellent opportunities for business development as it heads toward 1990.

Mr. Harries identified a number of other concerns that will continue to plague business development. The number one issue is the failure of two regional banks. He predicted that this failure will be reflected for some time in the activities of the major banks and the federal

government. Regulations will surely be tightened, he said, and banks will be more cautious in working with the business community. This will have an impact on our ability to finance the future.

Mr. Harries noted that initiatives taken by the provincial government to increase equity capital do not go far enough. We have to create local financial institutions that are especially designed to meet the needs of a developing resource economy—to appraise an opportunity in relation to the regional economy.

"The challenges at the local business level and at the provincial level are to rehabilitate the financial system to bring financial decision-making back to this area. That is the key for our future success," Mr. Harries said.

NORTHERN ECONOMIC OPPORTUNITIES STUDY

John Scott began with an overview of the northern economic opportunities study commissioned by the Northern Alberta Development Council.

"For the first six months of 1985 I had the privilege of working with northern people in defining their goals and aspirations, the constraints to economic development and the opportunities people thought could realistically be developed in their communities. The report represents an attempt to take a snapshot of what is, and what can be, from the point of view of northern Albertans."

Mr. Scott noted three key results of the study which transcend all economic sectors. The first is the demand for economic development organizations in almost every community. "In the late '70s there was no need for effective economic planning organizations because it was happening without them," he said.

"However, now people are looking at what they can make happen, partly because they are aware of how effective some economic development organizations have been at initiating and influencing the direction and future of their regional economies."

Often the need for an economic development organization exist, but the approach, the techniques and the tools do not. Northerners are looking to government to fill these gaps—to tell them what the tools and techniques are, and actually to put things into place. "That isn't going to happen," cautioned Mr. Scott. "Government is a facilitator—not the people that can do it for you in your community. If you wish to take hold of your own destiny, then you must do it."

He noted that resources available to assist in this are not being effectively used but, since the workshops, some communities have started organizations to deal with economic development issues.

The second key finding is the investment climate of northern Alberta. Where the recession hit most severely, the traditional business community is cautious about investments. Their outlook is so jaundiced that even though there is an upturn, local people won't necessarily take advantage of it but will allow outsiders to make the investment. If a major goal is for northerners to take hold of their own destiny, local investment should be encouraged so this goal can happen.

Lack of local capital is a northern problem. However, several communities have taken steps to solve that through such initiatives as local investment clubs which offer venture capital at the community level. "To control their own destiny," Mr. Scott said, "northerners need to become confident in their economic future. It's as simple as that—people are not confident at the present time."

The third key result of the study is the need for long-term stable growth, both for northern Alberta and the province as a whole. This includes diversification and involvement in primary, secondary and service industries.

One central concern of northern Albertans is out-migration of youth. The future of the North depends on returning young people who will become effective in their communities. Throughout the study, people showed they wanted educational, job and income opportunities in the North, Mr. Scott told delegates. Regional workshops held in tandem with the study highlighted various levels of communication between communities and industry regarding development areas, and the desire to be involved in related economic issues. In some communities, people talk with industry and business while in others there has been little or no involvement. Although some companies do

begin a contact with communities, Mr. Scott said it is really the responsibility of the community to make the contact and to establish effective lines of communication.

He touched on several sectoral opportunities the study had identified. "The number one opportunity identified was agriculture," he said. "While there was no problem in the minds of northerners regarding long-term viability, there were real concerns with respect to the immediate future of agriculture. The present downcycle is one of these. There is an interest in developing agricultural processing facilities for local/regional markets." Strong interest was shown in opening new lands in specific locations such as the High Level region.

Farming is more than an income provider—it is a way of life, and this was shown again and again at the workshops. Concerns related to the maintenance of the family farm were also registered.

Mr. Scott addressed forestry as a resource. "Northern people look on forestry as one of the long-term keys to the future," he said. Strategies are needed to improve exploitation and marketing of this resource. Saving the forest as a truly renewable resource was an important concern.

In considering tourism and recreation, we all think we have the "best" town in the North, he said, but we hold unrealistic expectations regarding what tourism might mean. "Communities are, in general, not well-organized toward tourism development and do not understand the industry very well. Some communities can access tourism opportunities with very little capital expenditure, but becoming a major destination requires a substantial commitment by government for a long period of time. For example, Kananaskis Country required a 10-year commitment to make it the destination area it is today.

Mr. Scott confirmed the sentiment of most Albertans that energy is the engine of growth for the North. He noted aggressive competition among northern communities to attract service companies related to this industry. A concern in many regions, and especially in the more isolated communities, is the serious communication gap between energy activities and the ability of residents to access opportunities.

Another important concern was retail and commercial services. There are retail opportunities in every community but the problem in the North is demand for goods local retailers cannot stock because of limited markets. This results in a high degree of leakage to Edmonton. Northern communities can begin to address this through downtown redevelopment but it will take sharp entrepreneurs and retailers to really overcome it.

The final issue was infrastructure. In many ways, northern Alberta is still pioneering its economic and infrastructure systems. People see infrastructure, particularly roads, as a lever for most other development. There are demands for both new and improved east-west and north-south linkages.

"There are many challenges for the North. The degree to which the future can be influenced by northern Albertans, depends directly on the strength and commitment of people in the communities," concluded Mr. Scott.

REACTION PANEL

Delegates were able to respond to presentations in an open forum which also allowed comments on "Economic Opportunities in Northern Alberta", the report commissioned for the conference. This session was moderated by Norm Weiss, Conference chairman.

A reaction panel of three delegates analyzed the Conference and the economic development challenges examined at the various sessions.

Helen Rice, of Grande Prairie, said she represented the delegate who comes to a conference looking for a blueprint to take home and implement and noted that the overall goals for economic development in the pre-Conference report provided that blueprint. What communities need now are action plans to show the steps needed to reach each of these goals. She said the Conference had offered insight on building action plans. "What really came through to me is that economic development is like a box of tinker toys. If each community was given the same box of tinker toys each would build something different with them."

She noted a new awareness of the need for community co-operation but felt the real challenge for successful development in the North rests with each individual.

Marcel Ducharme, from St. Paul, had been involved as a small businessman on the steering committee overseeing the study. He commended the workshops used during the study process because they allowed everyone an opportunity to express an opinion.

Concentrating his remarks on Study Region Ten, Cold Lake, Grand Centre and Bonnyville, he said the region is participating in the current surge of development in the area, having learned from the boom-and-bust of the past decade. Although much activity is short-term, permanent employment opportunities will emerge when construction is completed. He invited delegates from other parts of the North to visit and gain first-hand insights to the way development affects business and community bases of an area.

Les Wood, from Athabasca, the third member of the panel, spoke from his perspective as a small businessman. He challenged delegates to make sure the money spent mounting the Conference would be beneficial in terms of knowledge gained and actions taken. He summarized the various sessions into a few words: situation, competition, dialogue, global thinking, and co-operation, and cautioned delegates to accept the geographic realities of northern Alberta. In noting competition among communities trying to procure similar economic opportunities, he said, "A little competition is okay but too much results in a win/lose situation. If instead we could co-operate, we should be able to develop a win/win situation." He advocated an increase in the quantity and quality of dialogue among northern communities, businesses and various levels of government so efficiency of development initiatives might increase.

"I think we need to set up a structure to enable dialogue or communication among three important groups—a three-pointed triangle—with government, industry and northern communities." Mr. Wood returned to the theme of global challenges: "We do live in a small world", Mr. Wood said. "What happens in the rest of the world does affect us in northern Alberta. We're at the stage right now to initiate co-operation."

OPEN DISCUSSION

Delegates were asked to contribute other comments and/or questions from the floor. Several pertinent points were raised:

- "I have a concern with the statement about a win/lose situation. I think we are all in it together. If you win, how do we lose? And if we win, how do you lose?"

- "Has the Northern Alberta Development Council ever taken a look at alternatives to economic development? I have seen cases in more southern areas where some communities don't want economic growth. I think there is an alternative here that the Northern Alberta Development Council should look at."

- "Over the last several years I have seen changes here in the North with native people. I hope that in the future you would involve more native speakers. There are a lot of good native people out there who can share what economic development is all about."

- "Oil seems to be the big push right now; everybody's excited about it. But I think we mustn't forget the item that really built this province, and that is agriculture."

- "There was a lack of time committed to the Economic Opportunities Report at the Conference. I think there should have been some direct items discussed regarding the individual areas, the types of discussion which have been occurring in the hallways, etc. It should have been addressed so the council hears it and so that people obtain more ideas on how they can really accomplish something in the future."

- "In trying to give preference to local business people [under the sub-Agreement programs], the first thing you had better do is define what is local business. Once the word goes out amongst the businesspeople, you will see a contractor come in and set up a storefront office in order to qualify as a local. When the contract is finished, he's gone and still the locals have missed out."

- "People from the resource industries could be asked to come to our conferences and give some other points and ideas on expansion in the North and what they think we should be doing for them and the people in the North."

- "This Conference has been an excellent forum for discussion and I think the Northern Alberta Development Council should be commended for continuing to organize such activities."

The Hon. Al "Boomer" Adair, Minister Responsible for Northern Development was introduced by Mr. Weiss. Mr. Adair delivered a succinct overview of the Conference.

He reviewed the 10 economic trends identified by Mr. Kettle on Day One and noted that other speakers had consistently raised the same points, thus providing a common thread that interwove itself throughout the entire Conference.

In touching on the Hon. Sinclair Stevens' address, Mr. Adair noted that Mr. Stevens recognized the attributes of the North. Using Fort McMurray's motto of "Progress and Prosper" as an example, Mr. Stevens underlined the need for increased awareness among governments and the private sector to encourage economic development.

Mr. Adair highlighted the signing of the Canada/Alberta Subsidiary Agreement as a concrete demonstration of commitment by both levels of government to work toward increased equity for northerners.

The plenary sessions of Day Two offered opportunity to continue exploration of the economic trends outlined by John Kettle, in the context of the resources of northern Alberta.

Mr. Adair summarized John Howard's presentation in Plenary Session I regarding challenges facing the conventional oil and gas industry. He said the cautious optimism expressed by Mr. Howard for the future of the oil and gas industry is important to remember. "The majority of recent exploration and drilling activities are in fact occurring in northern Alberta. The cash flow and royalty concerns of the companies represented by the Independent Petroleum Association of Canada are very important to our region," Mr. Adair said.

Mr. Adair quoted from Ralph Shepherd's speech to illustrate how global economy is an increasingly important component of northern resource economy. "Just having a lot of natural resources in the ground isn't a guarantee of anything. Not anymore.... We are in a very competitive market; we are in tough competition. There isn't any question we are going to have to work and work hard, and work together."

In noting that Garrie Styan had delivered a hard-hitting assessment regarding the challenges to development of northern timber resources, Mr. Adair said that again common themes had surfaced regarding increasing global economy, worldwide competition, the need for good team management and improved dialogue among industry, government and labor. He particularly noted Mr. Styan's call for a comprehensive industrial strategy for forestry sector growth. "We must work from our strengths," Mr. Adair said.

Next, he picked up on Art Guitard's comments regarding Canada's heavy export-based agricultural industry and its sensitivity to international markets. This, he saw as another example of global economy impacting northern Alberta.

Mr. Adair summarized Larry Shaben's luncheon address by highlighting the challenges Mr. Shaben had issued. "We must build communities from within, around the important elements of improved local equity pools, competitive transportation systems, education of our young people, expansion of our markets and the nurturing of northern entrepreneurs."

Mr. Adair then dwelt briefly on each of the concurrent sessions, noting that everything from the role of the entrepreneur to the need for aggressive initiative had been explored by the various speakers.

"Some key challenges were posed by Mr. Harries this morning", said Mr. Adair, "and these include the need for local business and government to bring back the decision-making process of our banking industry to western Canada in order to help the whole western region, including northern Alberta."

The Minister also spoke of the report, "Economic Opportunities in Northern Alberta". "I would recommend to each of you, if you haven't read the study, to make it a priority to read it as soon as you can," he said. "The future, as Mr. Scott stated, depends on your strengths and your commitment." He said the document could be used as a blueprint for communities in the North.

Observing the competitiveness among communities, Mr. Adair said, "In the '70s, communities could compete against each other in isolation. We can no longer do that. The economics of today force us to start thinking about working together. There is an important need for us to communicate within our own communities and to begin to communicate community-to-community. There are many opportunities where economic development in one town or village is a plus for the larger area of northern Alberta."

He went on to emphasize the opportunities and challenges identified through the three days of the Conference. "Let me close with this: northern Alberta is a part of a very important global market; we must compete to survive. It's going to be tough, but we can do it. Our resource industries all have excellent opportunities for us. The challenge for all of us is to diversify and capture our share of that global market. To do that, we will have to recognize the information society that we are a part of and ensure that the information is available to assist our service industries to grow and be strong."

Mr. Adair challenged delegates to go back home and share the information gleaned at the Conference with the rest of the community. "By working together to remove barriers, I am satisfied that we will continue to have what I consider to be the greatest way of life, living in northern Alberta."

The following summary statement based on the background research and comments by speakers and delegates at the Conference is being used by the Northern Alberta Development Council as a guide in its various follow-up activities and advice to government.

KEY POINTS

- **Long-Term Stability**

Northern residents seek long-term economic stability for their region. They are looking for economic diversification; opportunities to encourage young people to stay in northern Alberta; and for the means to play a greater role in, and take advantage of, the development of resources.

- **Cautious Investment Climate**

The effects of the recent recession still exist. Many local businessmen have a cautious approach toward investment in resource development related opportunities. Lenders often exhibit very cautious attitudes to potential development.

- **Local Economic Development**

There is an increased interest in organized economic development programs in most communities. There is a lack of awareness of the best way to promote economic development at the community or regional level. Many communities require more expertise and assistance in order to effectively carry out an economic development program.

- **Agriculture**

The agricultural sector has a major role to play in northern economic development. Because of the serious cost/price squeeze, there is a need for increased agricultural diversification, improvements in farm productivity, and the continued and expanded use of "cost shelter programs" (for example fertilizer, fuel, drought assistance).

Specific agricultural processing opportunities of some grains, red meat, poultry, and honey were identified in some regions.

There is an opportunity for further new land development in some regions.

Part-time employment off the farm will continue to play an important role as long as costs for land development and farm operation remain at current levels.

Continued northern agricultural research is required at a significant funding level to address the long-term challenges and opportunities facing the industry.

- **Forestry**

The forest resource in Alberta, traditionally a strong economic force in northern Alberta, offers potential for further expansion as prices and markets improve.

The hardwood (aspen) resource of northern Alberta is almost completely untapped. There are potential opportunities in some regions.

Just over half of the softwood (coniferous) resource in northern Alberta is committed to existing industry. There is potential for some development of the remaining resource and for increased production using smaller timber.

Further development of the forest industry particularly the aspen resource will likely require government assistance tailored to meet the requirements of the specific projects.

- **Non-renewable Resources**

The oil and gas industry has a highly significant role in northern Alberta and will continue to drive its economy. The main components of the recent growth include:

- substantial conventional oil and gas exploration and development;
- expansion from experimental to commercial scale of a number of heavy oil plants;
- expansion of existing tar sands plants and examination of new oil sands plant investment potential;
- enhanced recovery projects in existing fields.

- **Tourism**

Nearly every community in northern Alberta saw some potential for increasing tourist activity in their regions. Most opportunities are local and small scale and can be achieved with relatively small investments. Major tourism developments will require a partnership between government and business.

Significant opportunities exist for upgrading hospitality training, community attractiveness,

and tourism awareness.

- **Fish and Wildlife**

The fish and wildlife resource in northern Alberta has an uncertain role to play in future economic development. There are many conflicting priorities between commercial and recreational based activities; trapping can be maintained or increased but only if other development does not continue to encroach.

- **Retail, Service and Commercial**

There are retail/commercial opportunities in virtually every northern community. Investment in these opportunities will likely come from local residents. Businesses must be sensitive to local situations.

In communities near resource development, particularly non-renewable resources, there is substantial interest in improving the rate of local hiring and purchasing. Local hiring and purchasing can be enhanced by co-operation and communication between resource developers and local businesses.

Continued work is required to expand the provincial government local purchasing and tendering policies so that local firms can take advantage of opportunities in a competitive way.

- **Infrastructure**

The North is an expanding, developing area. There continues to be a basic requirement for road construction and upgrading as a key "lever" for development. Several regions also need additional housing, municipal servicing and improved health care.

- **Water**

Northern Alberta's water resources will play an increased role in supporting agriculture, tourism, industrial and hydro-electric development and commercial fishing. Effective water management policies are required.

GOALS

The Council found that a number of common goals and themes emerged that cut across all economic sectors. These overall goals for economic development as expressed by northerners were to:

- Achieve moderate, sustained economic growth. The residents of northern Alberta would like to see growth but growth which is accompanied with a greater degree of long term stability.
- Diversify the northern economy, seek stabilizing business to reduce the impact of "boom and bust" cycles which result from fluctuations in resource-oriented industries.
- Ensure that young people have the opportunities and options to remain in the North.
- Maximize the potential of communities and residents to take advantage of the development of regional resources. Find ways to enable the native population to participate in the economic life of the North more fully.
- Capitalize on the development of natural resources as a stimulus to growth and development.
- Sustain a climate for private sector profits and encourage local investment.
- Balance opportunities for growth throughout the entire northern region.
- Encourage the development of natural resources as markets, capital, labor and technology permit considering the need for conservation and environmental protection.
- Promote the concept of "good corporate citizenship" particularly as it applies to local purchasing and to the training and employment of local people.

The above goals are not in any particular order of priority.

CHALLENGES

Northern Alberta offers many challenges:

- For communities, the challenge is to take the initiative and to become better organized.
- For businesspeople, the challenge is to continue to identify and take advantage of opportunities.
- For the resource based industries, the challenge is to develop and carry out effective local purchasing and local contracting policies, to hire and train local residents wherever possible, and to develop good communication networks with local residents.
- For the provincial government, the challenge is to encourage and promote development of all sectors of the northern economy; and to provide increased assistance regarding economic development planning and organizational expertise at the local level.
- For the provincial and federal governments, the challenge is to continue developing infrastructure, transportation, research, and purchasing and tendering policies.

Norm Weiss (r.) greets Sinclair Stevens while Jack Shields, MP (l.) and Mayor Chuck Knight of Fort McMurray look on.

Stan Smith of Fort Vermilion, former member of the NADC, providing remarks at the Council luncheon.

Vince Rice (r.) of the NADC presented a unique Fort Chipewyan red granite pen set to each speaker.

Everyone wanted W.O.'s autograph on one of his books!

The food was spectacular to look at as well as excellent to eat.

A musical interlude at the "Northern Social".

THE DELEGATES SAID THE CONFERENCE WAS WELL ORGANIZED

Peace River area delegates arriving at the airport.

Two hotels, Keyano College and the Oil Sands Interpretive Centre were needed to accommodate the Conference sessions.

Displays and written background material were available.

The Northern Alberta Development Council receives a briefing.

The Conference attracted both local and out-of-province media attention.

Fort McMurray proved itself to be a good host.

SESSIONS WERE WELL ATTENDED

The opening sessions took place in Keyano College Auditorium.

Bus transport moved the delegates between venues.

Plenary Sessions were also held in the Northwoods Inn and the MacKenzie Park Inn.

Concurrent sessions ran twice to allow wider participation.

A session at the Oil Sands Interpretive Centre.

The final session proved to be thought-provoking.

SHARING IDEAS - A KEY INGREDIENT

Mayor Bob Walter of High Level points a finger at Bob Elliott, MLA, Grande Prairie.

Left to right: Hon. Larry Shaben shares a story with Robin Ford of Municipal Affairs and Gene Dextrase and Mary Bennett of the NADC.

Hon. Milt Pahl, Minister of Native Affairs; in conversation with Peter Erasmus of Lac La Biche

Steve Odynak, Alberta Education, in conversation with Leonie Willier of High Prairie and Muriel Stanley-Venne of Settlement Sooniyaw Corporation.

Hon. Ernie Isley, Minister of Manpower, with Don Hayes, Assistant Deputy Minister of Tourism.

Gordon Reid of High Level and Bob Duncan of Fort McMurray.

DELEGATES

Hon. Al "BOOMER" ADAIR, Minister, Alberta Tourism & Small Business, Peace River
Rolf ALBERT, Public Affairs Bureau, Edmonton
Geoff ANDERSON, Alberta Manpower, Edmonton
Helena ANDERSON, Mayor of Grimshaw, Grimshaw
Kirk ANDRIES, Energy & Natural Resources, Edmonton
Don APPLEBY, Community Advisory Committee, Medley
Gerry ARCHIBALD, Northern Development Branch, Peace River
Larry ASHCROFT, Chamber of Commerce, Grand Centre
Lorne ASSHETON-SMITH, Lakeland Tourist Association, St. Paul
Gordon ASTLE, Game Country Tourism Association, Beaverlodge
Linda ASTLE, Alberta Municipal Affairs, Edmonton
John BAGAN, Mayor of St. Paul, St. Paul
Frank BAILLARGEON, Plaza II Mall, Fort McMurray
David BARBER, Alberta Municipal Affairs, Edmonton
John BARNARD, Economic Development Commission, Grande Prairie
David BARTLEY, South Peace Regional Planning Comm., Grande Prairie
Mike BEAVER, Chief of Bigstone Band, Desmarais
Phyllis BELAIRE, Village of Hythe, Hythe
Linda BELTRANO, Northern Development Branch, Peace River
David BENCHARSKY, County of Athabasca, Athabasca
Mary BENNETT, Northern Alberta Development Council, Elk Point
Judy BERGHOFER, Alberta Culture, Edmonton
Ralph BERKAN, Alberta Agriculture, Vermilion
Janet BIANIC, Suncor Inc., Fort McMurray
Peter BJORNSON, Town of High Level, High Level
Ron BLACKBURN, Northern Development Branch, Peace River
Oscar BLAIS, Mayor of Grande Prairie, Grande Prairie
Ron BLAKE, Alberta Tourism & Small Business, Edmonton
Erv BLOCK, Chamber of Commerce, Spirit River
Verna BLOCK, Mayor of Spirit River, Spirit River
Jan BLOOMFIELD, Alberta Tourism & Small Business, Edmonton
Jim BOGARD, Sask. Tourism & Small Business, La Ronge
Barry BOISVERT, Regional Economic Dev. Board, Kinuso
Laurie BRACEWELL, Esso Resources Canada Limited, Calgary
Vicki BROOKER, Chamber of Commerce, St. Paul
Dennis BRYAN, City of Grande Prairie, Grande Prairie
Anne BUDD, Economic Development Board, Fort McMurray
Roger BUDGELL, Economic Development Committee, Grand Centre
Marilyn BUFFALO-McDONALD, Fort McKay Band, Fort McKay
Cynthia BUIE, Regional Economic Development Board, High Prairie
Jim CARBERY, Syncrude Canada Ltd., Fort McMurray
Mike CARDINAL, Alberta Manpower, Athabasca
Dave CHABILLON, Alberta Manpower, Edmonton
Rene CHAMPAGNE, Town of Bonnyville, Bonnyville
Marvin CHERNIWCHAN, Town of Cold Lake, Cold Lake
Vasant CHOTAI, Alberta Housing, Edmonton
Betty CLAYDON, Alberta Federation of Home & Schools, High Prairie
Donn CLINE, Alberta Recreation & Parks, Edmonton
Trudy COCKERILL, ID 18(N), Fort McMurray
Andrew COLLEY, Smoky River REDC, Falher
Bob COOKE, Tourist Convention Bureau, Fort McMurray
Les COOKE, Energy & Natural Resources, Edmonton
Joseph COURTEPATTE, Settlement Sooniyaw Corporation, Edmonton
Alex COURTORIELLE, Slave Lake Friendship Centre, Slave Lake
Aris COVENTRY, AADAC, Fort McMurray
Mark CRAFT, Fairview
Al CRAIG, Alberta Manpower, Edmonton
Archie CYPRIEN, Chipewyan Band, Fort Chipewyan
Bev DAVIES, Kewatinok Recreation Society, Fort Chipewyan
Michael DAY, Energy & Natural Resources, Edmonton
Pieter DE VOS, Alberta Municipal Affairs, Edmonton
Ronald DENBOER, Alberta Municipal Affairs, Edmonton
Terry DENSMORE, Esso Resources, Grand Centre

Fred DERANGER, Fort McMurray
Jim DERANGER, Fort Chipewyan
Dave DERWORIZ, Suncor Inc., Fort McMurray
Don DETOMASI, University of Calgary, Calgary
Gene DEXTRASE, Northern Alberta Development Council, High Level
Alex DIDOW, Chamber of Commerce, Grand Cache
Sig DIETZE, City of Fort McMurray, Fort McMurray
Shelby DILL, Economic Development Authority of Nevada, Reno
Barbara DIXON, J.G. Moore Associates, Edmonton
Howard DOBSON, Workers' Compensation Board, Fort McMurray
Rae DOLEMO, Mayor of Hythe, Hythe
Marcel DUCHARME, Ducharme Motors, Bonnyville
Betty DUCKETT, Northern Alberta Development Council, Grand Centre
Grant DUCKETT, John Neil Hospital, Grand Centre
Bob DUNCAN, Peter Pond River Tours, Fort McMurray
Les DZWONKIEWICZ, Economic Development Board, Grimshaw
Bob ELLIOTT, Northern Alberta Development Council, Beaverlodge
Murray ELLIS, Alberta Environment, Edmonton
Peter ERASMUS, AVC, La La Biche, McRae
Allan EVANS, Alberta Vocational Centre, Grouard
Duane EVANS, Century 21 Realty, Athabasca
Bill FAIRLESS, Energy & Natural Resources, Fort McMurray
Ken FERGUSON, Economic Development Board, Whitecourt
Murray FINNERTY, Northern Development Branch, Peace River
Guy FLAVELLE, Federal Co-ordinator's Office, Edmonton
Don FLEMING, Social Services & Community Health, La La Biche
Lloyd FLETT, Fort Chipewyan Advisory Council, Fort Chipewyan
Doran FLEXHAUG, Employment & Immigration Canada, Edmonton
Mac FORBES, Energy & Natural Resources, Edmonton
Robin FORD, Alberta Municipal Affairs, Edmonton
Don FREGREN, Energy & Natural Resources, Edmonton
Denton GARRATT, Garratt & Moore Associates, Slave Lake
Terry GARVIN, Community Development & Human Resources, Calgary
Chuck GEE, University of Hawaii of Manoa, Honolulu
Jim GENDRON, Energy & Natural Resources, St. Paul
Tom GHOSTKEEPER, Alberta Manpower, Athabasca
Brian GOFFIN, Saskatchewan Northern Affairs, La Ronge
Myron GOYAN, Town of Cold Lake, Cold Lake
Ernie GRACH, Opportunity Corps, Wabasca
Ed GRIFONE, Alberta Tourism & Small Business, Edmonton
Ronda GROOM, Recreation & Parks, Slave Lake
Art GUITARD, Agriculture Canada, Saskatoon
Trudy HALABISKY, Town of Valleyview, Valleyview
Mark HANLEY, Alberta Manpower, Ardmore
Harald HANSEN, Economic Development Board, Dawson Creek
Al HARLTON, Alberta Tourism & Small Business, St. Paul
Elsie HARPER, Lakeland Tourist Association, St. Paul
Hu HARRIES, Hu Harries & Associates Ltd., Edmonton
Donald HAYES, Alberta Tourism & Small Business, Edmonton
Louise HAYES, BANAC, Edmonton
Glen HAYS, Lakeland Tourist Association, Ashmont
Jim HEIGHES, Alberta Vocational Centre, Grouard
Michael HEIT, Environment Canada, Edmonton
Allan HELANDER, Economic Development Board, High Prairie
Neil HENRY, Athabasca University, Athabasca
Ole HERMANSON, Town of Athabasca, Athabasca
James HERON, Native Venture Capital Co. Ltd., Edmonton
Henri HETU, Alberta Transportation, St. Paul
Wally HOLOWACK, Chamber of Commerce, Grand Cache
Bernie HORNBY, Mayor of Fox Creek, Fox Creek
William HOUSMAN, South Peace Regional Plan. Comm., Grande Prairie
John HOWARD, Aberford Resources Ltd., Calgary
Larry HUBERDEAU, Energy & Natural Resources, Lac La Biche

Penny HUSKA, Anzac Citizens Association, Fort McMurray
Hon. Ernie ISLEY, Minister of Manpower, Edmonton
Ken ISAAC, Crooked Creek
Peter ISAAC, Crooked Creek
Frank JACKMAN, Regional Industrial Expansion, Edmonton
Roger JACKSON, Northern Development Branch, Peace River
Lloyd JANZEN, Chamber of Commerce, La Crete
Cecil JARDINE, Northern Alberta Development Council, Valleyview
Susan JARDINE, J's Drive Inn, Valleyview
John JARVIE, Town of High Prairie, High Prairie
David JONES, Minister of External Affairs' Office, Edson
Anita KALNAY, ID #18(x), Fort McMurray
Don KEITH, Keith Engineering, Fort McMurray
Jason KELLEY, Fort McMurray
John KETTLE, John Kettle Incorporated, Toronto
Chuck KNIGHT, Mayor of Fort McMurray, Fort McMurray
Helmut KREINER, Town of Whitecourt, Whitecourt
Lynn KREKE, Northern Development Branch, Peace River
Jay KRYSLER, Alberta Housing, Edmonton
Melvin KUPROWSKY, Social Services & Community Health, Lac La Biche
Brenda KUSTRA, Manitoba Northern Affairs, Winnipeg
Jim LAIDLEY, Town of St. Paul, St. Paul
Frank LAMBRIGHT, South Peace Regional Plan. Comm., Grande Prairie
Daniel LANE, Saddle River Maintenance Ltd., Fairview
Paul LANGEVIN, Chamber of Commerce, St. Paul
Ted LANGFORD, Alberta Vocational Centre, Lac La Biche
Ike LAWRENCE, Chamber of Commerce, High Prairie
Ron LEWIS, County of Athabasca No. 12, Athabasca
Kristina LILJEFORS, Federal Co-ordinator's Office, Edmonton
Robert LOADER, Syncrude Canada Ltd., Fort McMurray
Dwight LOGAN, City of Grande Prairie, Grande Prairie
Kay LONG, Alberta Housing, Slave Lake
Don LOWRY, Alberta Solicitor General, Grande Prairie
Gordon LUNDY, Town of High Level, High Level
Metro LYPKA, Lakeland Tourist Association, Two Hills
Doug MACLENNAN, Rural Development Project #4, Myrnam
Dave MARTIN, Canada Manpower, Fort McMurray
William MARX, Regional Economic Board, High Prairie
Ted MASON, Athabasca University, Fort McMurray
Derek MATHER, Vencap Equities Alberta Ltd., Edmonton
Dave MCARTHUR, Regional Economic Dev. Council, Lac La Biche
Rick MCCOTTER, Mayor of Kinuso, Kinuso
Al MCDONALD, Deputy Minister, Alberta Tourism & Small Business, Edmonton
Keith MCDONALD, Alberta Recreation & Parks, Lac La Biche
Marvin MCDONALD, Fort McKay Band, Fort McKay
Fred MCDOUGALL, Energy & Natural Resources, Edmonton
Murray MCKNIGHT, Alberta Municipal Affairs, Edmonton
Bill MCPHEE, Town of Whitecourt, Whitecourt
Ray MERONYK, CVC, Slave Lake
Richard MICHAUD, Byers Transport Ltd., Edmonton
Geoff MILLIGAN, Northern Development Branch, Peace River
Andrew MIRLIN, City of Grande Prairie, Grande Prairie
W.O. MITCHELL, University of Windsor, Windsor
Joe MOLHO, Northern Alberta Development Council, Swan Hills
Garry MOORE, J.G. Moore Associates, Edmonton
Peter MOORE, Garratt & Moore Associates Ltd., Slave Lake
Abe NEUFELD, Neufeld Holdings Ltd., La Crete
Bernie NEUFELD, Alberta Economic Development, Edmonton
Ken NICHOL, K.R. Nichol Associates Ltd., Edmonton
Tom NISBET, Federal Co-ordinator's Office, Edmonton
Steve ODYNAK, Alberta Education, Edmonton
Art OLSON, Alberta Agriculture, Edmonton
Nick OZOROFF, Town of Fox Creek, Fox Creek

Hon. Milt PAHL, Minister of Native Affairs, Edmonton
John PARSONS, City of Fort McMurray, Fort McMurray
Cliff PAUL, Fairview
Romeo PERRA, Smoky River Economic Development Board, McLennan
Doug PIQUETTE, Regional Employment Office, Lac La Biche
Paul PIQUETTE, Chamber of Commerce, Plamondon
Jeff POLAKOFF, Manitoba Northern Affairs, Winnipeg
Doreen PONTO, Northern Development Branch, Peace River
Bob POROZNI, Economic Development Board, St. Paul
Michael PROCTOR, Mackenzie Regional Planning Comm., Berwyn
Tony PUNKO, Cree Band, Fort Chipewyan
Lynda RANDALL, Chamber of Commerce, Fort McMurray
Bruce REGENSBURG, Syncrude Canada Ltd., Fort McMurray
Marsha REGENSBURG, Heritage Park, Fort McMurray
Edna REID, Reid's Super "A" Foods, High Level
Gordon REID, Reid's Super "A" Foods, High Level
Harry REINDERS, ID #22, Deadwood
Tim REYNOLDS, Opportunity West Development Ltd., Edmonton
Helen RICE, City of Grande Prairie, Grande Prairie
Vincent RICE, Northern Alberta Development Council, Kinuso
Marjorie ROBINSON, Lakeland Tourist Association, St. Paul
Skip RODRIGUES, Fort Chipewyan Tourism Council, Fort Chipewyan
Ed ROMANOWSKI, Roman Consulting Services Ltd., Edmonton
Leon ROOT, Alberta Transportation, Edmonton
Brad SAWCHUK, North Point Land Surveying, Peace River
Doug SCHMIT, Keyano College, Fort McMurray
Alvina SCHUHMACHER, Town of Elk Point, Elk Point
John SCOTT, J.F.T. Scott & Associates, Edmonton
Betty SEAMAN, Plaza Shopping Mall, Fort McMurray
Hugh SEATON, Northern Development Branch, Peace River
Lance SECRETAN, The Thaler Corporation Inc., Caledon East
Hon. Larry SHABEN, Minister of Housing, Edmonton
John SHANNON, Northern Development Branch, Peace River
Robert SHARP, Alberta Transportation, Peace River
Ralph SHEPHERD, Syncrude Canada, Fort McMurray
Ron SELIN, Regional Industrial Expansion, Edmonton
Jan SLAUGHTER, Catholic School District, Fort McMurray
Rick SLOAN, Northern Development Branch, Peace River
Bill SMITH, Opportunity Corps, Slave Lake
Ken SMITH, Alberta Environment, Edmonton
Lane SMITH, AADAC, Lac La Biche
Stan SMITH, ID #23, Fort Vermilion
Bob SNYDER, Government of N.W.T., Fort Smith
Anne SOLBAK, Northern Development Branch, Fort McMurray
Terry SOLDAN, Lakeland Tourist Association, Vegreville
Muriel STANLEY-VENNE, Settlement Sooniyaw Corporation, Edmonton
Marlene STELMASCHUK, J.G. Moore Associates, Edmonton
Jerry STEPNISKY, Regional Industrial Expansion, Edmonton
Hon. Sinclair STEVENS, Minister, Regional Ind. Expansion, Ottawa
Andrew STOJAK, Alberta Advanced Education, Edmonton
Burk STREHLKE, Grande Prairie Regional College, Grande Prairie
Kevin STRINGER, Big Prairie Metis Settlement, High Prairie
David STUART, Canstar Oil Sands Ltd., Calgary
Garrie STYAN, Woodbridge, Reed & Associates, Vancouver
Cliff SUPERNAULT, Metis Development Branch, Edmonton
Dennis SURRENDI, Energy & Natural Resources, Edmonton
Toby TAYLOR, Tourist Convention Bureau, Fort McMurray
Walter TAYLOR, Keyano College, Fort McMurray
Wayne TAYLOR, Taylor Management Services Ltd., Fort McMurray
Al TEICHROEB, Teichroeb Consulting, Peace River
Kathy TEILLET, Alberta Tourism & Small Business, Edmonton
Henry THIESSEN, Native Affairs Secretariat, Edmonton
Gerald THOMAS, Mackenzie Regional Planning Commission, Berwyn

Cynthia THORDARSON, Northern Development Branch, Peace River
Deane TOEWS, Alberta Tourism & Small Business, Grande Prairie
Gerry TONN, Urban Systems Ltd., Kamloops
John TREFANENKO, Economic Development Board, St. Paul
Richard TURKHEIM, Saskatchewan Northern Affairs, La Ronge
Jim TURNBULL, Anzac
Marcel ULLIAK, ID #18, Fort McMurray
Edward VAN DYKE, Bear-Spike Holdings Ltd., Creston
John VAN EDEN, Alberta Manpower, Peace River
Bert VAN MECHELEN, Van Mechelen Enterprises Ltd., Edmonton
Fred VAN MECHELEN, Van Mechelen Enterprises Ltd., Edmonton
Nancy VAN MECHELEN, Van Mechelen Enterprises Ltd., Edmonton
Dan VANDERMEULEN, Alberta Vocational Centre, Grouard
Leo VASSEUR, Mayor of Bonnyville, Bonnyville
Rhonda VIAU, Northern Development Branch, Peace River
Pat VINCENT, Town of Elk Point, Elk Point
Keith VOGL, Alberta Municipal Affairs, Edmonton
Harold WALDNER, Town of Rycroft, Rycroft
Chris WALKER, Yellowhead Regional Planning Commission, Onoway
Bob WALTER, Mayor of High Level, High Level
Terry WARD, Government of N.W.T., Fort Smith
Doug WEBSTER, Cold Lake Indian Band, Bonnyville
Chris WEISS, ID #16, Crooked Creek
Norm WEISS, Northern Alberta Development Council, Fort McMurray
Darryl WHITE, Game Country Tourism Association, Grande Prairie
Ian WIGHT, Alberta Municipal Affairs, Edmonton
Allan WILLIER, Native Outreach, Edmonton
Leonie WILLIER, Regional Economic Development Board, High Prairie
Ken WILSON, Alberta Recreation & Parks, Edmonton
Mel WONG, Alberta Tourism & Small Business, Edmonton
Les WOOD, Landing Realty Ltd., Athabasca
Andy WOUDSTRA, Athabasca University, Athabasca
Dave YOUNG, Sycrude Canada Ltd., Fort McMurray
Ron YOUNG, Town of Grand Centre, Grand Centre